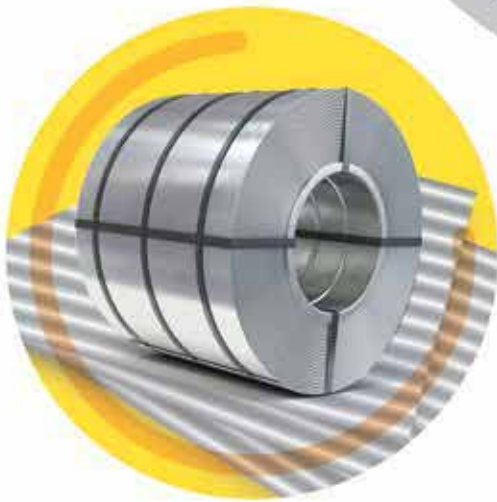


# ANNUAL REPORT | 2020-21



**S. ALAM COLD ROLLED STEELS LIMITED**

# ANNUAL REPORT 2020-21



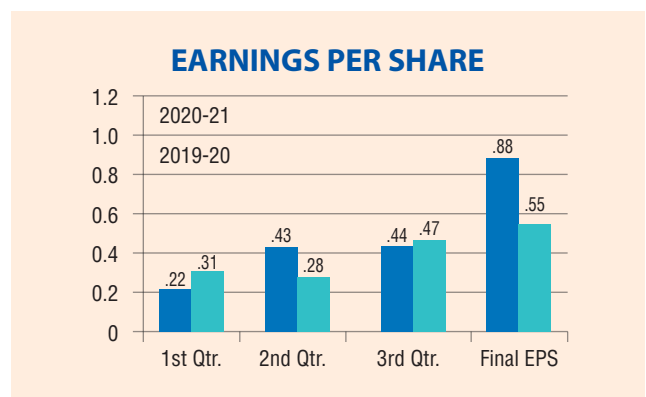
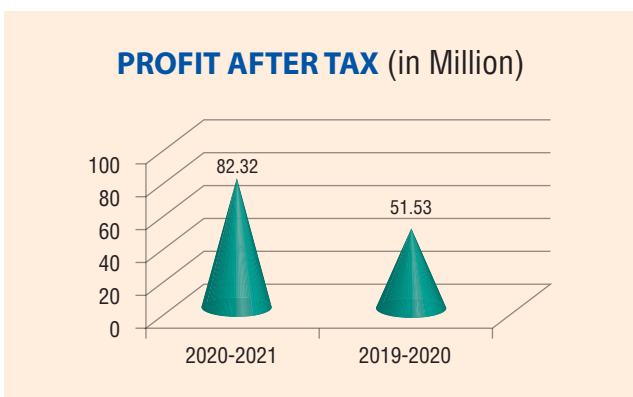
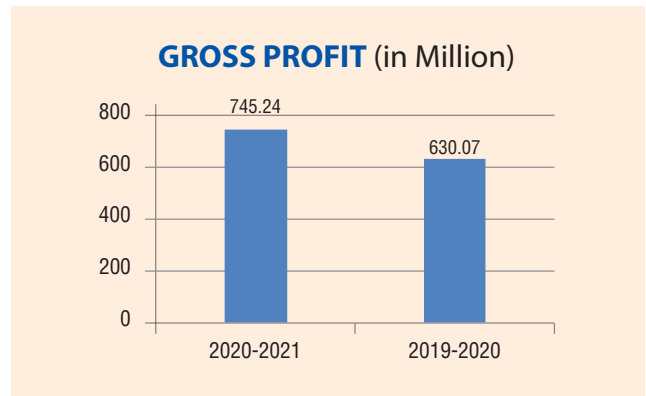
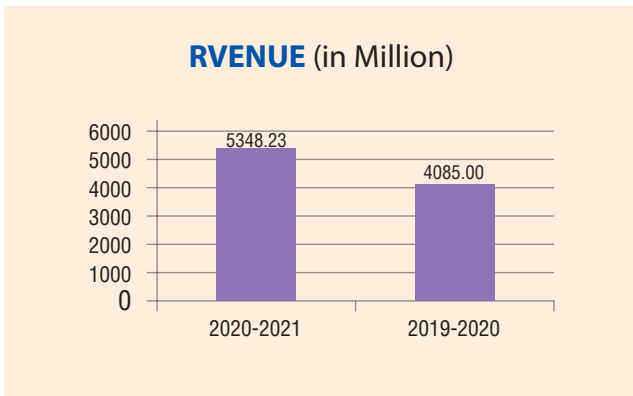
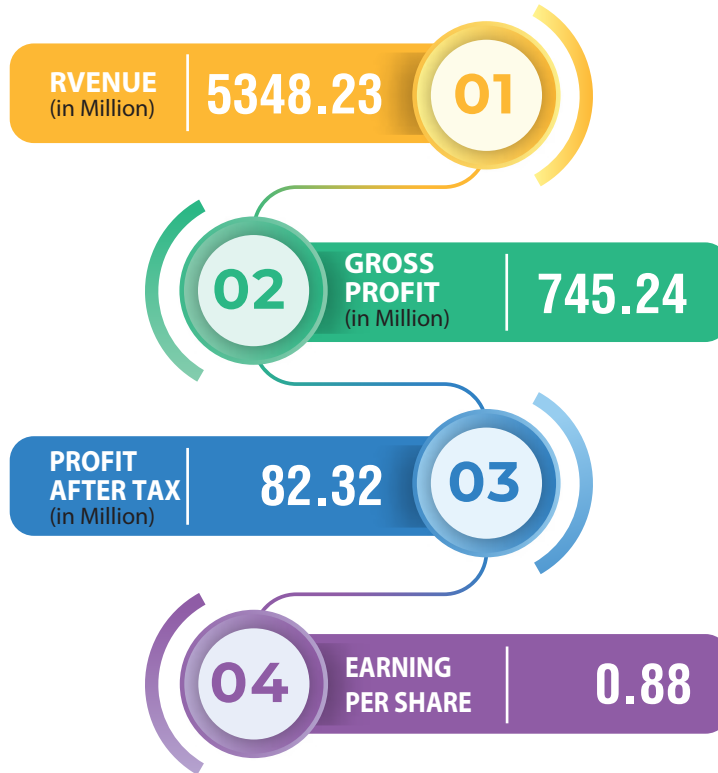
**S. ALAM COLD ROLLED STEELS LTD.**



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# Performance *at a glance* | 2020-21



# Company Profile of



## **S. ALAM COLD ROLLED STEELS LIMITED**

S. Alam Cold Rolled Steels Limited is the flagship company of the S. Alam Group, a well-established business conglomerate in the country, operating in the business of steel manufacturing. It was incorporated on December 12, 2000 as a Public Limited Company vide certificate No. 3842 of 2000 under the Companies Act 1994. The registered office of the company is located at S. Alam Bhaban, 2119 Asadgonj, Chattogram, while the factory is situated at Kalarpool, Shikalbaha, Patiya, Chattogram. The company has been set up to manufacture C.R. Steel Strip in the coils/sheets with 6-HI, CVC reserving cold rolling mill having an installed capacity of 120,000 MT per annum, and started its commercial operation on February 16, 2004. Afterward, in order to meet the increasing demand for non-oxide furnace (NOF) type GP/CI sheets throughout the world and in this region, S. Alam Cold Rolled Steels Limited set up a NOF type continuous galvanizing line (CGL) with a CTL plant for production of GP/CI sheets with the most modern and economical technology using the C.R. Coils produced by the company. The annual installed capacity of the NOF Plant is 72,000 M. Ton.

The company is pioneer in steel industry and well known for its galvanized plain sheet and galvanized corrugated iron sheet which are mainly used in construction industry (roofing and cladding of houses and industrial sheets), agriculture and outdoor application also.

The Authorized Capital of the Company is Taka 350,00,00,000 divided into 35,00,00,000 ordinary shares of Tk. 10/- each. Paid up capital of the company is Taka 98,37,11,000 divided into 9,83,71,100 ordinary shares of Tk. 10/- each.

With a view to maximizing shareholders benefit and ensure uninterrupted electric supply, the company established its subsidiary- S. Alam Power Generation Limited having 17MW Capacity power plant which was incorporated as a private limited company on April 09, 2009 with 70% of its Equity held by this company. The objectives among others to set up, operate and run a captive and/or independent power plant to produce and supply electricity.

The header features a collage of images: rolls of metal coils on the left, a person in a blue suit shaking hands in the center, and a city skyline at night on the right. A blue horizontal bar spans the width, with the word 'corporate' in white script and 'Information' in blue sans-serif below it.

*corporate*

## Information

- **Legal Status** A public limited company incorporated in Bangladesh on 12th December, 2000 under the Companies Act 1994 and enlisted with Dhaka Stock Exchange Limited & Chittagong Stock Exchange Ltd.
- **Commencement of Commercial Production** 16th February, 2004
- **Date of Listing with DSE & CSE** 16th May, 2006
- **Factory** Kalarpool, Shikalbaha, Patiya, Chattogram
- **Corporate & Registered Office**

S. Alam Bhaban, 2119 Asadgonj, Chattogram  
Phone : +88-031-636997, 031-638258, 023333-69726,  
023333-67195, 023333-69283  
Fax : +88-031-2869284  
E-mail : [sharedivision@s.alamgroupbd.com](mailto:sharedivision@s.alamgroupbd.com)  
Website : [www.s.alamgroupbd.com](http://www.s.alamgroupbd.com)
- **Liaison Office**

Sharif Mansion (6th Floor)  
56-57, Motijheel C/A, Dhaka-1000  
Phone : +88-02-9560631
- **Authorized Capital** Taka 350 Crore
- **Paid up Capital** Taka 98.37 Crore
- **Product Variety**

C. R. Coil Plant - C. R. Coil  
NOF Plant - C. I. Sheet & G. P. Sheet
- **Annual Installed Capacity**

C. R. Coil Plant - 1,20,000 M. Ton  
NOF Plant - 72,000 M. Ton



# MANAGEMENT APPARATUS

## ■ BOARD OF DIRECTORS

Mr. Abdus Samad  
Mr. Osman Goni  
Mr. Mohammed Saiful Alam  
Ms. Halima Begum  
Mr. Md. Rafique Ullah  
Mr. Sampad Kumar Basak FCA  
Mr. Md. Shafiqul Islam FCA

Chairman  
Managing Director  
Director  
Nominee Director- S. Alam Vegetable Oil Ltd.  
Nominee Director- ICB (Institutional Investor)  
Independent Director  
Independent Director

## ■ AUDIT COMMITTEE

Mr. Md. Shafiqul Islam FCA  
Mr. Mohammed Saiful Alam  
Mr. Md. Rafique Ullah

Chairman  
Member  
Member

## ■ NOMINATION AND REMUNERATION COMMITTEE

Mr. Sampad Kumar Basak FCA  
Mr. Mohammed Saiful Alam  
Mr. Abdus Samad

Chairman  
Member  
Member

## ■ COMPANY SECRETARY

Mr. Md. Shohel Amin ACS

Company Secretary

## ■ SENIOR CORPORATE OFFICIALS

Mr. Subrata Kumar Bhowmick FCA  
Mr. Engr. Moshir Rahman  
Mr. Md. Delwar Hossain FCA  
Mr. Shimul Nandy

Executive Director (Finance)  
General Manager (Factory)  
Chief Financial Officer  
Head of Internal Audit and Compliance

## ■ STATUTORY AUDITOR

M/s. Hoda Vasi Chowdhury & Co.  
Chartered Accountants

## ■ CORPORATE GOVERNANCE PROFESSIONAL

M/s. Rahman Mostafa Alam & Co.  
Chartered Accountants

## ■ PRINCIPAL BANKER

Rupali Bank Ltd.  
Islami Bank (Bangladesh) Ltd.  
Janata Bank Ltd.  
Export Import Bank of Bangladesh Ltd.

## ■ INSURER

Northern General Insurance Co. Ltd.

## ■ EXTERNAL CREDIT ASSESSMENT INSTITUTION

Alpha Credit Rating Limited



# Letter of **TRANSMITTAL**

Date: December 20, 2021

The Hon'ble Shareholders  
Bangladesh Securities & Exchange Commission  
The Registrar of Joint Stock Companies & Firms  
The Dhaka Stock Exchange Limited  
The Chittagong Stock Exchange Limited

Dear Sir(s),

## **Annual Report for the year ended 30th June 2021.**

We are pleased to transmit a copy of the Annual Report 2020-21 together with the audited consolidated financial statements of S. Alam Cold Rolled Steels Limited and its subsidiary, individual audited financial statements of S. Alam Cold Rolled Steels Limited and its subsidiary S. Alam Power Generation Limited comprising the statement of financial position as at 30th June 2021 and the statement of comprehensive income, statement of changes in equity and statement of cash flows along with notes thereon along with the Directors' Report and Auditors' Report for the year ended 30th June, 2021 for your information and record.

Yours sincerely,

**Md. Shohel Amin ACS**  
Company Secretary



# NOTICE

## NOTICE OF 21<sup>ST</sup> ANNUAL GENERAL MEETING

Notice is hereby given that the 21st Annual General Meeting of S. ALAM COLD ROLLED STEELS LIMITED will be held on Saturday, the 15th January, 2022 at 10.30 A.M. through hybrid system (in combination of physical presence and digital platform using the following link <https://sacrsi.virtualagm2021.com>) at Chittagong Club, S. S. Khaled Road, Chattogram to transact the following businesses:

### AGENDA

- To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2021 together with the Reports of the Board of Directors and the Auditors thereon.
  - To approve subsidiary company short term loan/business transaction for the year ended 30th June 2021 as per notification No. SEC/CMMRRCD/2006-159/Admin/02-10, dated 10 September, 2006.
- To declare and approve dividend for the year ended June 30, 2021.
- To elect/re-elect the Directors of the company.
- To appoint Auditors for the year ended 30th June 2022 and fix their remuneration.
  - To appoint professional for Certification on Compliance of Corporate Governance Code for the year ended 30th June 2022 and fix their remuneration.

By order of the Board of Directors



**Osman Goni**  
Managing Director

Date: December 20, 2021  
Chattogram

### NOTES:

- Record Date:** November 25, 2021. Members whose names appeared on the Members/Depository Register as on "Record Date" are eligible to attend the Annual General Meeting (AGM) and entitled to receive Dividend.
- Proxy:** A Member entitled to attend and vote at the AGM may appoint a proxy to attend and vote in his/her behalf. The "Proxy Form", duly filled and stamped Tk. 20 must be deposited at the Company's Registered Office located at 'S. Alam Bhaban, 2119, Asadgonj, Chattogram, not later than 48 hours before commencement of the AGM.
- Link** of the meeting is <https://sacrsi.virtualagm2021.com>. Members are requested to log in to the system prior to the meeting starting time at 10.30 AM on 15th January 2022. For logging in to system, members need to sign in by putting 16 digits BO number and other credentials confirming their identity. The webcast will be started at 10.30 AM. For any technical difficulties, please contact 01767 753779.
- Pursuant to the Bangladesh Securities and Exchange Commission (BSEC) Notification No: BSEC/CMRRCD/2006-158/208/Admin/81 dated 20th June, 2018, copy of the Annual Report for the year ended 30th June, 2021 will be sent to the e-mail address of the Honorable Shareholders mentioned in their respective Beneficial Owner (BO) accounts maintained with the depository. The Annual Report and Proxy Form are available at the Company's Website. [www.s.alamgroupbd.com](http://www.s.alamgroupbd.com).
- Directors Election:**
  - Directors to retire by rotation from the Sponsor Group shall be re-elected in accordance with the provision of law.
  - Subject to holding 2% shares in the paid up capital of the company, Nomination Form for the Institutional Shareholders and General Shareholders will be available at the Registered Office within the office hour from 21-12-2021 to 25-12-2021.
  - Nomination paper duly filled with signature and supporting documents to be submitted to the Registered Office, S. Alam Bhaban, 2119, Asadgonj, Chattogram within 02-01-2022. The last date of withdrawal of candidature is 04-01-2022.
  - After proper scrutinizing, final list of the eligible candidate for Directors from the institutional shareholders and the general shareholders will be displayed on the Notice Board of the Registered Office of the Company on 05-01-2022.
- The Hon'ble shareholders will be able to vote electronically and submit their query/comments on financial statements, if any, from 48 hours before commencement of AGM and also during the AGM.



## Message from the CHAIRMAN

Dear Shareholders,

Assala-mu-alaikum,

I feel delighted and privileged to present you the Annual Report of S. Alam Cold Rolled Steels Ltd. for the year ended June 30, 2021. I cordially invite you to attend the company's 21st Annual General Meeting on behalf of the Board of Directors and my own behalf.

Reviewing our company's business in FY 2020-21, we have observed that the company has strongly recovered in the first three quarters from the financial losses incurred by the COVID-19 pandemic last year, however, the progress has been largely offset by the devastating impact of the second wave of the pandemic throughout the country in the fourth quarter (March-June). During the year under review, our company registered a Revenue of Tk. 5348.23 million, Profit Before Tax of Tk. 175.62 million and the Earnings Per Share (EPS) of the company also stood at TK. 0.88.

At S. Alam Cold Rolled Steels Limited, we strongly believe in enhancing shareholders' value and strive to achieve the same through continuous evolution and up-gradation of our efficiencies. To maintain consistency of dividend declaration and the best interests of the shareholders, the Board of Directors recommended a 10% cash dividend taking into consideration net profit and retained earnings for the year ended 30th June 2021, subject to the approval of the shareholders at this Annual General Meeting.

I must appreciate the efforts of the Bangladesh government for taking timely initiatives, including

extensive immunization programs and various stimulus packages intending to revive our economy. Otherwise, it would not have been possible to tie the economic losses incurred by the COVID-19 pandemic within a limit. Supported by rebounding RMG exports and record remittance inflows, the trend in the Bangladesh economy has started a turnaround towards a high growth trajectory. During FY 2020-21, GDP growth registered at 5.47%, per capita national income stood at \$2,227, from \$2,024 compared to the previous fiscal year, and foreign exchange reserves increased significantly to reach \$46.39 billion on 30 June 2021.

In closing remarks, I would like to express my gratitude and appreciation to all of our valued Shareholders, Financial Institutions, Bankers, and regulatory bodies including BSEC, DSE, CSE, RJSC&F, CDBL, Suppliers, and Customers for their unrelenting support and guidance to the company. I would like to express my gratitude and sincere thanks to our fellow Board members, employees, and management team for their unwavering dedication and commitment, which motivates us to continue on our path to long-term success and protect your interest in the company.

I wish you all good health.

**(Abdus Samad)**  
Chairman

# DIRECTORS

## profile



**MR. ABDUS SAMAD**

Mr. Abdus Samad, son of Late Mozaharul Anwar and Chemon Ara Begum, was born in 1967. He is the Chairman of the company and one of the most renowned businessperson in the country. As a young entrepreneur, Mr. Samad was deeply involved with the business affairs of the group, and his keen sense of professionalism led to his appointment as the Vice Chairman of the S. Alam Group. He demonstrated his entrepreneurial skills, and used his experience to establish many corporate bodies of the Group notably in the steel sectors.

Mr. Samad is involved in and manages various industrial concerns and carries on business as an importer, trader, general merchant, and promoter of Bank and Insurance.

At present, he is also a member of the Nomination and Remuneration Committee of the company.

Mr. Samad is also engaged in various social, cultural and religious organizations. He plays key role in the social development sector of his home district in Chattogram as well as Bangladesh.

Mr. Samad has travelled extensively at home and abroad, namely to India, Pakistan, China, Korea, Japan, Bangkok, Singapore, Australia, UK, Canada, USA, Brazil, Russia, Saudi Arabia, and other Gulf States, EU, and Switzerland, and many other countries for the purpose of business.

Apart from his directorship in the S. Alam Group, he is also the Director and Chairman of the Executive Committee of Al-Arafah Islami Bank Ltd. and also the Director of Northern General Insurance Co. Ltd.



**MR. MOHAMMED SAIFUL ALAM**

Mr. Mohammed Saiful Alam, son of Late Mozaharul Anwar and Chemon Ara Begum, was born in 1960. He is the Founder Chairman and Managing Director of S. Alam Group. He has built up reputation as an intelligent and efficient business personality and has achieved remarkable success in business. Under his dynamic leadership, the S. Alam Group has grown into one of the largest group of companies in Bangladesh within a short span of time.

Mr. Alam, a pioneer industrialist, is always placing his eagerness to attach any unexploited opportunity in the business community. He is a well-traveled person and has visited many countries in Asia, Europe, USA, Canada, Australia in connection with trade and business.

He is a member of the audit committee, as well as the nomination and remuneration committee, in addition to his role as a director in the company.

Mr. Alam is also associated with various social, cultural, and religious organizations. He also takes a profound interest in community services and contributes generously to the welfare of the community, particularly the underprivileged ones. He has established multiple schools and madrasas in his village and surrounding areas. He continues to employ his best efforts to provide education, healthcare, and infrastructure facilities for the overall development of the people of Chattogram district, as well as Bangladesh.

Besides holding Directorship in S. Alam Group including S. Alam Steels Ltd., S. Alam Cement Ltd. S. Alam Luxury Chair Coach Services Limited. S. Alam Refined Sugar Industries Ltd. etc, He is also the Chairman of First Security Islami Bank Limited, First Security Islami Capital & Investment Limited, Aviva Finance Limited, SS Power I Limited, Ekushey Television Limited, and Reliance Brokerage Services Limited. He is also the sponsor shareholder of Al-Arafah Islami Bank Limited and the sponsor director of Northern General Insurance Co. Ltd.

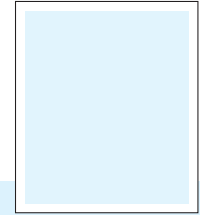


**MR. OSMAN GONI**

Mr. Osman Goni, son of late Mozaharul Anwar and Chemon Ara Begum, is the Managing Director of the company and also one of the renowned businessperson of the country. With a humble beginning, Mr. Osman Goni displayed his excellence in business entrepreneurship by building his business domain. The biggest landmark of his success is the courage to get into new business ventures based on his sound foresight, innovative and skillful execution. Within a span of 20 years of his business career, he successfully managed to establish many differentiated business enterprises under the umbrella of the S. Alam Group.

Key position in S. Alam Group as a Director has always marked its steady growth. His attractive personality, relentlessly stressing on brainstorming for new ideas, focus in effective implementation of every single business on time, business efficiency, etc. are only a few of his traits that eventually transformed into the core values of his business undertaking and implementation.

Mr. Osman Goni is also the Director of S. Alam Cement Limited, S. Alam Bag Manufacturing Mills Limited, S. Alam Trading Co. (Pvt) Limited, Ocean Resorts Limited, Hasan Abasan (Pvt) Limited, Modern Properties Limited, Fatehabad Farm Limited, Shah Amanat Praktik Gas Co. Limited and is a Director on nomination of the NRB Global Bank Ltd.



**MS. HALIMA BEGUM**

Ms. Halima Begum, is the Nominee Director representing S. Alam Vegetable Oil Limited in the Board of Directors of the company. She was appointed as Director on 6th January 2020.

Ms. Begum is a graduate with long experience in the field of trade and commerce. She had a keen interest and an innate aptitude for doing business and rendering service to the nation for promoting economic development of Bangladesh. She is the proprietor of M/s. Brothers Syndicate.



**MR. MD. RAFIQUE ULLAH**

Mr. Md. Rafique Ullah, is the Director of the company who has been re-appointed on January 09, 2021 at the 20th AGM of the company on nomination by Investment Corporation of Bangladesh (ICB) representing the Institutional Investors' Group in the Board of Directors of the company.

Mr. Rafique Ullah is the General Manager of the Investment Corporation of Bangladesh (ICB) having 33 years of service experience. He obtained B.Com (Hons) and M.Com degree from the University of Dhaka. He also completed (partly) Banking Diploma from the IBB and took part various training program and seminar at different prestigious training Institute in the country. He has been discharging his responsibilities by holding various important positions at Investment Corporation of Bangladesh. Apart from the role of Director, He is also a member of the Audit Committee of the Company.



**MR. SAMPAD KUMAR BASAK FCA**

Mr. Sampad Kumar Basak, FCA is a Fellow member of Institute of Chartered Accountants of Bangladesh and a partner of Shafiq Basak & Co, Chartered Accountants, one of the reputed Audit, Tax and Advisory firms in Bangladesh. He was re-appointed as Independent Director of the company on November 11, 2021. Currently, he is the Chairman of the Nomination and Remuneration Committee of the company.

Mr. Basak has more than 31 years of professional experience in Audit, Valuation reporting, Tax Consultancy, company law advisory and secretarial services. He has been providing professional services to some of the most reputed local group of companies and multinational companies operating in Bangladesh across various economic sectors. He worked on numerous audit and advisory engagements with a number of reputed Industry and Corporate clients including Bank, NBFI, NGOs, Corporate bodies, Govt. Organization etc.

He also conducted valuation surveys for reputed companies like ANZ Grindlays Bank, American ExPress Bank, IFIC Bank Ltd, National Bank Ltd, Lloyds of London, Ex BCCI (Overseas) Ltd.



**MR. MD. SHAFIQL ISLAM FCA**

Mr. Md. Shafiqul Islam FCA is a fellow member of Institute of Chartered Accountants of Bangladesh. He was appointed as Independent Director of the Company on October 21, 2020. Currently, he is the Chairman of the Audit Committee of the company.

Mr. Shafiq has more than 32 years of professional experience in audit, income tax consultancy, valuation reporting, company law advisory, and secretarial services. He worked on numerous audit and advisory engagements with a number of reputed industry and corporate clients, including corporate bodies, Bank, NBFI, Govt. Organization, NGOs, etc.

Mr. Shafiq also conducted several valuation surveys for reputed companies like National Bank Ltd, Lloyds of London, ANZ Grindlays Bank, American ExPress Bank, IFIC Bank Ltd, Ex BCCI (Overseas) Ltd.

He also attended numerous seminars on IAS, ICSR, International Auditing Standard, Legal liabilities of Accountancy etc.

# DIRECTORS' Report

Bismillahir Rahmanir Rahim

## Dear Shareholders,

Your Directors have the pleasure in presenting their 21st Annual Report to you together with the Audited Financial Statements of the company for the year ended 30th June, 2021. The report has been prepared in compliance with Section no. 184 of the Companies Act 1994 and Bangladesh Securities and Exchange Commission Notification No: BSEC /CMRRCD/2006158/207/Admin/80 dated 03 June, 2018.

### Financial Performance:

Key operating and financial results of the company and recommended appropriations for the year ended 30th June, 2021 with comparative figures for the previous years in summarized form are as under:

(Consolidated figures in Taka)

Particulars	2020-21	2019-20
Revenue	5,348,227,239	4,085,001,047
Gross Profit	745,242,833	630,073,183
Operating Profit	688,087,830	579,718,327
Profit before Tax	175,617,736	121,283,233
Profit After Tax	82,315,734	51,532,119
NAVPS	18.89	19.01
EPS	0.88	0.55
NOCPs	(21.75)	9.19

The comparison of the EPS between the Quarterly and the Annual Financial Statements are noted below:

Particulars	First Quarter	Second Quarter	Third Quarter	Final EPS
2020-21	0.22	0.43	0.44	0.88
2019-20	0.31	0.28	0.47	0.55

### Principal Business Activities:

The principal business activities of the company during the year under report continued to be the manufacturing and marketing of C. R. Steel Strips in coils/sheets and production of GP/CI Sheets in its NOF

Type Continuous Galvanizing Line (CGL). The performance of your company as depicted herein relates therefore to these segments / products of the company.

### Industry outlook and possible future developments in the industry:

The primary sector of steel industry is to produce raw materials such as billets, plates, rounds, and Hot Rolled (HR) Coils/Plates, for the secondary sector which produces value added items like angles, channels, wire rod, cold rolled (CR) coils / sheets and galvanized coils / sheets.

CR coils are mainly used for manufacturing of CI/GP Sheets which are largely and commonly used in roofing, slide cladding, making of water tanks and as fencing material.

Around 80% of the population of Bangladesh lives in rural areas. Due to high prices compared to their average income, most of its people are not in a position to construct their households by rod, cement and bricks, rather have to depend on low cost materials such as thatch, bamboo, CI Sheet etc. Around 30% households in rural and urban areas are constructed with CI/GP Sheet materials. As supportive material CI/GP Sheets are widely used in other civil constructions as well. Moreover, huge quantities of GP/CI Sheet are used annually by different Government bodies and agencies in carrying out various development activities each year on the basis of volume of the Annual Development Plan (ADP) of the Government of Bangladesh. Domestic demand of CI/GP Sheet is catered successfully by the CI/GP Sheet manufacturing industries of the country.

Being primary raw material for manufacturing of CI/GP Sheet, demand for CR Coil/Strips depends on the performance of the CI/GP Sheet manufacturing industries of the country. Dependence on CI/GP Sheet for household and other civil constructions could neither be stable nor be diminishing rather it would be increasing due to high spiraling prices of Rod, Cement and Bricks. GP/CI Sheet manufacturers integrated with CRC manufacturing facility shall be the clear gainer because easy access to raw materials (CRC) is one of the factors determining profitability of CI/GP Sheet manufacturing industry.

As producer of CR Coil/Strips since inception and as

producer also of eco-friendly NOF type CI/GP Sheet since very recent past S. Alam Cold Rolled Steels Limited falls under secondary sector and has a strong presence in the domestic market as one of the leading producers thereof.

Future development as well as growth of the CR Coil manufacturing industry along with its eco-friendly NOF Type CI/GP Sheet manufacturing project, is therefore bright and healthy subject however to containing the adversities, if any, which arise to hamper economic activities for maintaining upward trend of its growth.

#### **Segment-wise / Product-wise Performance:**

Details of Segment-wise/Product-wise Performance are enclosed in **Annexure-G**.

#### **Risks and concerns:**

Details of the risks and concerns and risk mitigation policy are attached in **Annexure-H**.

#### **Discussion on Cost of Goods Sold, Gross Profit Margin and Net Profit Margin:**

The detailed discussion on Cost of Goods Sold, Gross Profit Margin and Net Profit Margin disclosed in **Annexure-F**.

#### **Discussion on continuity of any Extra-Ordinary gain/loss:**

There is no Extra-Ordinary gain / loss of the Company during the year under report.

#### **Reasons for variance in Quarterly/Annual Financial Result:**

Increase of Revenue of the company during the year due to improvement of COVID-19 pandemic situation in the country, specially in the first three quarters under the reporting period and increase in huge development of CSR activities by the Government, Earnings Per Share (EPS) has been increased during the year under report.

On the other hand, owing to decrease of collection from customers, Net Operating Cash Flows per share (NOCFPS) has decreased as compared to the previous corresponding year.

And the reasons for variance in quarterly financial results were duly disclosed in price sensitive information as well as in the quarterly financial statements.

#### **Dividend:**

The Directors recommend 10% cash dividend for the year ended 30th June, 2021 keeping in view the profit of the period, retained earnings and consistency in recommendation of its dividend declaration. All those shareholders, whose names would appear in the Depository Register of Members in the CDBL system at the close of business on the record date, shall qualify for the said Dividend.

#### **Subsidiary company:**

S. Alam Power Generation Limited was incorporated on April 09, 2009 with 70% of its Equity held by this company with object among others to set up, operate and run a captive and/or independent power plant to produce and supply electricity. Upon commissioning and testing of the plant, it started its commercial operation on and from 28 August 2016. However, the operation of the company had been suspended due to higher production cost compared to the prevailing market price of electricity. Details discussed in Directors Report of SAPGL.

In compliance with the condition No. 2 of the Corporate Governance Code issued by the BSEC vide its Notification No. BSEC/CMRRCD/2006-158/ 207/Admin/80 of June 03, 2018, Mr. Sampad Kumar Basak FCA, Independent Director of this holding Company, had been nominated to be a Director on the Board of Directors of the said subsidiary of this company. Moreover, in order to enable the subsidiary of this Company to raise its number of Directors in compliance with the condition of the said Corporate Governance Code, your directors also nominated Mr. Aklasur Rahman and Mr. Md. Shafiqul Islam FCA as Directors representing this holding company in the said subsidiary company.

In addition, as required by the said Corporate Governance Code, minutes of the Board Meeting of the subsidiary company are placed regularly for review at the following Board Meeting of this holding company, and the affairs of the subsidiary company are also reviewed at such Board Meeting of this holding company.

The Statement, as specified in sub-section of section 186 of the Companies Act, 1994, of the company's interest as holding company in the subsidiary company - S. Alam Power Generation Limited, is attached hereto in compliance with requirements of law.

#### **Subsequent events:**

Nothing happened affecting financial position of the company since end of the financial year under review save and except that the Directors recommend for declaration of 10% cash dividend for the year ended 30th June 2021 subject to the approval thereof by the shareholders in the forthcoming Annual General Meeting.

#### **Management Discussion and Analysis:**

Management Discussion and Analysis Report for the year under review, as stipulated under the condition no. 1.5.(XXV) of BSEC Corporate Governance Code, 2018, is annexed herewith as **Annexure-D** to this Report.

#### **Board of Directors:**

##### **A. Composition and size of the Board:**

During the year under report, there were 7 (Seven)

members on the Board. The Board comprises a Chairman, Managing Director, Three Directors and Two Independent Directors.

#### B. Board Meeting and Attendance:

While Mr. Abdus Samad continued to be the Director and the Chairman of the Board of Directors, Mr. Osman Goni continued to be the Managing Director of the company. In total 5 (Five) Meetings of the Board of Directors were held during the year under report with attendance of the Directors as follows:

Name	Position	Number of Board Meeting Held	Board Meeting Attended
Mr. Abdus Samad	Chairman	5	5
Mr. Osman Goni	Managing Director	5	5
Mr. Mohammed Saiful Alam	Director	5	5
Ms. Halima Begum	Director	5	5
Mr. Mohammed Shahjahan	Director (ICB)	5	5
Mr. Md. Rafique Ullah	Director (ICB)	5	5
Mr. Sampad Kumar Basak FCA	Independent Director	5	5
Mr. Md. Enayet Ullah FCA	Independent Director	5	4

#### C. Appointment of Director:

Mr. Md. Shafiqul Islam FCA appointed as the Independent Director of the company on 21st October 2020 by the Board of Directors and the approval of the shareholders duly obtained in the 20th Annual General Meeting of the company.

#### D. Election/Re-election of Directors:

Under the provisions of Article 96 of the Articles of Association of the Company, Managing Director being Chief Executive of the Company shall not, while holding that office, be subject to retirement by rotation or taken into account for retirement by rotation of directors. Mrs. Halima Begum, Nominee Director of S. Alam Vegetable Oil Ltd. from Sponsor Group, therefore, shall retire by rotation in accordance with the Article No. 99 (b) at the ensuing 21st Annual General Meeting and being eligible, she offers herself for re-election.

Moreover, upon his nomination by the ICB, Mr. Md. Rafique Ullah, was elected un-contest as Director representing Institutional Investors' Group while having no one had contested for the position as Director from

General Investors' Group in the last AGM, therefore, the position remain vacant.

The position of one Director from the Institutional Investors' Group and one from the General Investors' Group will fall vacant in the ensuing AGM shall have to be filled up in the 21st Annual General Meeting from valid nominee/eligible contestant from each of the said Groups.

It is reiterated that in compliance with the Notification BSEC/CMRRCD/2009-193/217/Admin/ 90 dated May 21, 2019 issued by the Bangladesh Securities & Exchange Commission each director other than Independent Director(s) of the company holds minimum 2% (two percent) shares in the paid up capital of the Company and the Sponsors/ Promoters/Directors jointly hold 53.07% shares in the existing share capital of the Company.

The profiles and particulars of experience, attributes and skills that qualify all of the above Directors for the Board membership are disclosed in the Directors Profile in this Annual Report.

#### Directors' Remuneration:

Save and except fee for attending Board Meeting/Committees Meeting, no remuneration or allowances had been given to any Director during the year under report. The members of the Board of Directors get fee for each meeting of the Board of Directors which he / she attend.

All Meetings of the Board of Directors were held in Hybrid system (in combination of physical presence and digital platform) considering Covid pandemic situation during the year under report.

#### Pattern of Shareholding:

Details of pattern of shareholding are disclosed in the **Annexure-I**.

#### Audit Committee:

As a sub-committee of the Board of Directors, the Audit Committee assists the Board in ensuring that the financial statements reflect true and fair view of the state of affairs of the Company and in ensuring good monitoring system within the business, and is responsible to the Board.

The primary role of the Audit Committee is to oversee the financial reporting process and disclosure of financial information, monitor internal control risk management process, oversee hiring and performance of external auditors, review the adequacy of internal audit function, monitor choice of accounting policies and principles, review management letters / letter of internal control weakness issued by statutory auditors, review statement of significant related party transactions submitted by the



management, review along with the management the quarterly, half yearly and annual financial statements before submission to the Board for approval.

The Audit committee comprised of Mr. Sampad Kumar Basak FCA, Chairman, Mr. Mohammed Saiful Alam and Mr. Rafique Ullah as its Members and Mr. Md. Shohel Amin ACS, Company Secretary continues to act as the Secretary to the Audit Committee. All Members of the Audit Committee are financially literate.

#### **Nomination and Remuneration Committee:**

The Board had duly constituted Nomination and Remuneration Committee in accordance with the condition no 4 & 6 of the BSEC Corporate Governance Code. The Board in its meeting held on 27th October, 2018 formed the Nomination and Remuneration Committee.

The committee comprised of Mr. Sampad Kumar Basak FCA, Chairman, Mr. Abdus Samad, Member, and Mr. Mohammed Saiful Alam, and Mr. Md. Shohel Amin ACS, Company Secretary continues to act as the Secretary to the Nomination and Remuneration Committee during the year under report. All the members of the committee are Non-Executive Director. The Report of the Nomination and Remuneration Committee is included in this Annual Report.

#### **Directors Responsibility Statements:**

The Directors are also pleased to report that:

- (a) The directors have made assessment of the company's ability to continue as a going concern and they are convinced that the Company has adequate resources to continue its operation in the foreseeable future and there is no significant doubts upon the company's ability to continue as going concern; therefore, the going concern basis has been adopted in preparing these financial statements;
- (b) The financial statements prepared by the management present fairly the company's state of affairs, the result of its operations, cash flows and changes in the equity;
- (c) Proper books of account have been maintained;
- (d) Appropriate accounting policies have consistently been applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment;
- (e) International Accounting Standards (IAS)/Bangladesh Accounting Standards (BAS) /International Financial Reporting Standards (IFRS) and Bangladesh Financial Reporting Standards (BFRS) as applicable in Bangladesh, have been followed in preparation of financial

statements and any departure there-from has been adequately disclosed;

- (f) The system of 'internal control' in assessment of risk is sound in design and has been effectively implemented and monitored;
- (g) Key operating and financial data for last five years disclosed in **Annexure-E**.
- (h) Minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress.
- (i) The Audit Committee had no findings reportable to the Board of Directors during the year ended 30/06/2021;
- (j) The deviation in the operating result from that of the previous year duly reported;
- (k) No bonus share or stock dividend has been or shall be declared as interim dividend.
- (l) None from its directors nor its any member who hold 10% or more shares, excluding those held by mutual funds, portfolio managers and stock brokers, has borrowing through pledge of shares to lenders at the time of borrowing.

#### **Corporate Governance:**

The Company constantly endeavours to follow the corporate governance code and best practices sincerely and disclose the same transparently. The Board is conscious of its inherent responsibility to disclose timely and accurate information regarding the Company's operations, performance, material corporate events as well as on the leadership and governance matters relating to the Company. The Directors state in accordance with the Annexure-C attached to the Directors' Report as to whether the company has complied with the conditions on comply basis under BSEC Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 03-June, 2018 issued u/s. 2CC of the Securities and Exchange Ordinance 1969. Your company also shall obtain a certificate from M/s. Rahman Mostafa Alam & Co., Chartered Accountants, regarding compliance of aforesaid conditions during the year under report and attached as Annexure-B.

#### **Appointment/Re-appointment Auditors:**

The Existing Auditors of the company – M/S Hoda Vasi Chowdhury & Co, Chartered Accountants, will retire at the ensuing Annual General Meeting. They have satisfactorily completed audit of Financial Statements of your Company for a consecutive period of 1 (One) years. The Bangladesh Securities & Exchange Commission (BSEC) by its Notification No. BSEC/CMRRCD/

2006-158/208/Admin/81 dated June 20, 2011, and also Listing Regulations of Stock Exchanges 2015, imposed condition, among others, that the issuer-company shall not appoint any firm of Chartered Accountants as its statutory auditors for a consecutive period exceeding three years, therefore, your Company able to continue with them. The Board, in its meeting held on October 30, 2021, considered the recommendation of the Audit Committee with respect to the appointment of M/S Hoda Vasi Chowdhury & Co., Chartered Accountants as the statutory auditor of the company at a remuneration of Tk. 5,00,000/- for the year ended 30th June 2022. The honourable shareholders are therefore requested to appoint the said Auditors for the next term and to fix up their remuneration.

#### **Appointment of Corporate Governance Professional:**

In accordance with the condition no. 9 (2) of BSEC Corporate Governance Code, 2018, the Board, in its meeting held on October 30, 2021, considered the recommendation of the Audit Committee with respect to the appointment of M/S Rahman Mostafa Alam & Co., Chartered Accountants as the Corporate Governance Professional who will provide the certificate on compliance of the Corporate Governance Code for the year ended 30th June, 2022 at a remuneration of Tk. 50,000. Based on due consideration, the Board recommends for shareholders' approval regarding the appointment of M/S Rahman Mostafa Alam & Co., Chartered Accountants as the corporate governance professional of the Company for the year ended 30th June 2022.

#### **Unclaimed/Unpaid/Undistributed Dividend:**

In compliance with the requirements of BSEC Directive No BSEC/CMRRCD/2021-386/03 dated 14th January 2021 and Capital Market Stabilisation Fund (CMSF) Rule, We had served a notice for collecting unclaimed/unpaid/undistributed cash dividend, stock dividend and non-refunded public subscription money on 01 August 2021 in the Daily Observer and also in the Daily Banik Barta. Accordingly, Year wise list of shareholders for unclaimed dividend have also been published in the Company's website. Following the notice, a record number of shareholders collected their unclaimed dividends by August 2021. Afterwards, the Company deposited Tk. 3,20,00,000/- (Three Crore Twenty Lac) only to the Capital Market Stabilization Fund (CMSF) on 22nd September 2021 relating to financial year 2006 to 2018 as per the said BSEC directive. A summary of the unclaimed dividend has also been presented in the Financial Statements for the year ended 30th June 2021.

The company payoff its cash dividend to the shareholders through the BEFTN system and issue dividend warrants to those shareholders whose bank

accounts are offline. The reasons for most of the unclaimed dividends are yet to be presented before the counter by the shareholders for encashment, time expired warrants are not returned to the company for time extension or duplicate issue. Some of the warrants were returned back from registered post and retained by the company intact with an intention to deliver on demand.

#### **Unclaimed Cash Dividend:**

As on 30th June 2021, total unclaimed cash dividend stood BDT 3,70,29,085/- as detailed below.

<b>Sl. No .</b>	<b>Dividend for the year</b>	<b>Amount (Tk.)</b>
1	2006	406,913
2	2007	994,662
3	2008	996,530
4	2009	1,611,617
5	2010	3,502,615
6	2011	4,197,227
7	2012	5,093,821
8	2013	4,699,632
9	2014	1,907,883
10	2015	2,149,396
11	2016	2,723,692
12	2017	1,938,859
13	2018	2,315,840
14	2019	1,501,528
15	2020	1,490,918
16	Total unclaimed dividend for ordinary shares	35,531,133
17	Total unclaimed dividend for preference shares	1,497,952
	<b>Total unclaimed cash dividend as on 30.06.2021</b>	<b>37,029,085</b>

#### **Unclaimed Bonus/Right Shares:**

As on 30th June 2021, total unclaimed/unsettled Bonus/Right Shares stood total 980 no. of ordinary shares which are kept in BO suspense account and duly blocked as per BSEC direction.

#### **Human Resource Management:**

The Company has continuously adopted structures that help to attract best external talent and promote internal talent to higher roles and responsibilities. The Company providing an open work environment fostering continuous improvement and development helped employees realize their career aspirations during the year. The company has formed a talent pool with a clear succession. Your company is being represented by the

professionals and graduates from top-ranked institutions of the country to offset the growing challenge arising out of open market competition and to capture the greater pie of the market. Employee satisfaction, strategic orientation, compliance to the regulation, corporate environment etc. are some common ingredients of Human Resources Management of the company. As in the past the Company maintained harmonious and excellent industrial relationship throughout the year.

#### **Occupational Health and Safety:**

Health and safety remain the Company's topmost priority and the Company aspires to be the industry benchmark in safety. SACRSL is committed to conducting all its operations free from accidents and occupational hazards. During the Covid-19 pandemic in the country, the company had taken all sorts of cautionary/safety measures and had followed Govt. directives to remain safe in the workplace. Deploying long-term safety improvement plan, regular sharing of best practices and learning from incidents from other companies in the S. Alam Cold Rolled Steels Ltd. has strengthened the occupational safety, health and environment process in both SACRSL and SAPGL. The company strives to provide a safe working ecosystem for its people and thus, follows all statutory requirements. The Company is guided by the following principles for developing a safety standard across its operations:

- Working safely is a condition of employment.
- All injuries and work-related illness can and must be prevented.
- Employee engagement and training is mandatory.
- Safety and health must be integrated in all business processes.
- Excellence in health and safety drive outstanding business results.

#### **Internal Control System:**

The Company has in place a proper system of internal controls to ensure that all assets are safeguarded against loss from unauthorized use or disposition; and that the transactions are authorized, recorded and reported

correctly. Additionally, the Internal Financial Control and reporting process ensures robust financial monitoring and ensures compliances. The Company also deploys standard policies and procedures, covering relevant business aspects, which are designed to facilitate effective oversight on business operations.

The internal control system is periodically reviewed by the management, and supplemented by an extensive program of internal and external audits. The system is designed to ensure that financial and other records are reliable for preparing financial information, maintaining accountability of assets and providing reliable management information.

#### **Appreciation:**

We do feel proud of the confidence bestowed upon us continuously by our valued shareholders and for supporting the activities of the company. We at the same time extend our thanks and appreciation to the bankers, insurance companies, utility providers, auditors, customers, patrons and well-wishers for their support and co-operation as well as for the confidence they reposed in the company. At the same time we place on record our appreciation, gratitude and thanks to the Government and its other agencies, the regulatory authorities including the Bangladesh Securities and Exchange Commission, the Dhaka Stock Exchange Ltd., the Chittagong Stock Exchange Ltd., and the Registrar of Joint Stock Companies & Firms for the cordial help, assistance, guidance and advices which your Company received from time to time. Your Company could not have achieved what it has achieved today without their support and co-operation.

For and on behalf of Board of Directors,



**(Abdus Samad)**

CHAIRMAN

Chattogram, 03rd November, 2021

[As per condition No. 1(5)(xxvi)]

**S. ALAM COLD ROLLED STEELS LTD.**

**Declaration by Managing Director (MD) and Chief Financial Officer (CFO)**

Date: November 03, 2021

The Board of Directors  
S. Alam Cold Rolled Steels Limited  
Chattogram  
Bangladesh

Subject: **Declaration on Financial Statements for the year ended on June 30, 2021.**

Dear Sirs,

Pursuant to the condition No. 1(5) (xxvi) imposed vide the Commission's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 Dated 03.06.2018 under section 2CC of the Securities and Exchange Ordinance, 1969, we do hereby declare that:

1. The Financial Statements of S. Alam Cold Rolled Steels Limited for the year ended on June 30, 2021 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in the Bangladesh and any departure there from has been adequately disclosed;
2. The estimates and judgments related to the financial statements were made on a prudent and reasonable basis, in order for the financial statements to reveal a true and fair view;
3. The form and substance of transactions and the Company's state of affairs have been reasonably and fairly presented in its financial statements;
4. To ensure above, the Company has taken proper and adequate care in installing a system of internal control and maintenance of accounting records;
5. Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed; and
6. The management's use of the going concern basis of accounting in preparing the financial statements is appropriate and there exists no material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

In this regard, we also certify that: -

- I. We have reviewed the financial statements for the year ended on June 30, 2021 and that to the best of our knowledge and belief:
  - a. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - b. These statements collectively present true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws.
- II. There are, to the best of knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board of Directors or its members.

Sincerely yours,



**(Osman Goni)**  
Managing Director



**(Md. Delwar Hossain FCA)**  
Chief Financial Officer (CFO)



Solution....Begins

## Rahman Mostafa Alam & Co. Chartered Accountants



### Certificate on Compliance of the Corporate Governance Code of S. Alam Cold Rolled Steels Limited For the year ended on June 30, 2021

We have examined the compliance status to the Corporate Governance Code by **S. Alam Cold Rolled Steels Limited** for the year ended on 30 June 2021. This Code relates to the Notification No. **BSEC/CMRRCD/2006-158/2071admin/80**, dated 03 June 2018 of the Bangladesh Securities and Exchange Commission.

Such compliance with the Corporate Governance Code is the responsibility of the Company. Our examination was limited to the procedures and implementation thereof as adopted by the Management in ensuring compliance to the conditions of the Corporate Governance Code.

This is a scrutiny and verification and an independent audit on compliance of the conditions of the Corporate Governance Code as well as the provisions of relevant Bangladesh Secretarial Standards (BSS) as adopted by Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Corporate Governance Code.

We state that we have obtained all the information and explanations, which we have required, and after due scrutiny and verification thereof, we report that, in our opinion:

- The Company has complied with the conditions of the Corporate Governance Code as stipulated in the above mentioned Corporate Governance Code issued by the Commission;
- The Company has complied with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) as required by this Code.
- Proper books and records have been kept by the Company as required under the Companies Act, 1994, the securities laws and other relevant laws; and
- The Governance of the company is highly satisfactory.

Firm's Name : **Rahman Mostafa Alam & Co.**  
Chartered Accountants

Signature

Auditor's Name : **Arafat Kamal, FCA (1184)**

Date : November 30, 2021

Place : Chattogram

**Annexure-C**  
**[As per condition No. 1(5)(xxvii)]**

Status of compliance with the conditions imposed by the Commission's Notification No. SEC/CMRRCD/2006-158/207/  
Admin/80, dated 3 June 2018 issued under section 2CC of the Securities and Exchange Ordinance, 1969:

(Report under Condition No. 9)

Condition No.	Title	Compliance Status	Remarks (if any)
1.	<b>Board of Directors:</b>		
1(1)	Members not be less than 5(Five) and more than 20 (Twenty).	Complied	
1(2)	<b>Independent Directors:</b>		
1(2)(a)	At least one-fifth (1/5) of the total number of Directors in the company's Board shall be Independent Directors; any fraction shall be considered to the next integer or whole number for calculating number of Independent Director(s);	Complied	
1(2)(b)(i)	Who either does not hold any share in the company or holds less than one percent (1%) shares of the total paid-up shares of the company;	Complied	
1(2)(b)(ii)	Who is not a sponsor of the company or is not connected with the company's any sponsor or director or nominated director or shareholder of the company or any of its associates, sister concerns, subsidiaries and parents or holding entities who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship and his or her family members also shall not hold above mentioned shares in the company;	Complied	
1(2)(b)(iii)	Who has not been an executive of the company in immediately preceding 2 (two) financial years;	Complied	
1(2)(b)(iv)	Who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary or associated companies;	Complied	
1(2)(b)(v)	Who is not a member or TREC (Trading Right Entitlement Certificate) holder, Director or officer of any stock exchange;	Complied	
1(2)(b)(vi)	Who is not a shareholder, director excepting independent director or officer of any member or TREC holder of stock exchange or an intermediary of the capital market;	Complied	
1(2)(b)(vii)	Who is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm or audit firm engaged in internal audit services or audit firm conducting special audit or professional certifying compliance of this Code;	Complied	
1(2)(b)(viii)	Who is not independent director in more than 5 (five) listed companies;	Complied	
1(2)(b)(ix)	Who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan or any advance to a Bank or a Non-Bank Financial Institution (NBF);	Complied	
1(2)(b)(x)	Who has not been convicted for a criminal offence involving moral turpitude;	Complied	
1(2)(c)	The independent director(s) shall be appointed by the Board and approved by the shareholders in the Annual General Meeting (AGM);	Complied	
1(2)(d)	The post of independent director(s) cannot remain vacant for more than 90 (ninety) days;	Complied	
1(2)(e)	The tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) tenure only;	Complied	
1(3)	<b>Qualification of Independent Director:</b>		
1(3)(a)	Independent Director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial laws, regulatory requirements and corporate laws and can make meaningful contribution to the business;	Complied	
1(3)(b)(i)	Business Leader who is or was a promoter or director of an unlisted company having minimum paid-up capital of Tk. 100.00 million or any listed company or a member of any national or international chamber of commerce or business association;		Not Applicable

Condition No.	Title	Compliance Status	Remarks (if any)
1(3)(b)(ii)	Corporate Leader who is or was a top level executive not lower than Chief Executive Officer or Managing Director or Deputy Managing Director or Chief Financial Officer or Head of Finance or Accounts or Company Secretary or Head of Internal Audit and Compliance or Head of Legal Service or a candidate with equivalent position of an unlisted company having minimum paid up capital of Tk. 100.00 million or of a listed company;		Not Applicable
1(3)(b)(iii)	Former official of government or statutory or autonomous or regulatory body in the position not below 5 <sup>th</sup> Grade of the national pay scale, who has at least educational background of bachelor degree in economics or commerce or business or law;		Not Applicable
1(3)(b)(iv)	University Teacher who has educational background in Economics or Commerce or Business Studies or Law;		Not Applicable
1(3)(b)(v)	Professional who is or was an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a Chartered Accountant or Cost and Management Accountant or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public Accountant or Chartered Management Accountant or Chartered Secretary or equivalent qualification;	Complied	
1(3)(c)	The independent director shall have at least 10 (ten) years of experiences in any field mentioned in clause (b);	Complied	
1(3)(d)	In special cases, the above qualifications or experiences may be relaxed subject to prior approval of the Commission.		Not Applicable
1(4)	<b>Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer:</b>		
1(4)(a)	The positions of the Chairperson of the Board and the Managing Director (MD) and/or Chief Executive Officer (CEO) of the company shall be filled by different individuals;	Complied	
1(4)(b)	The Managing Director (MD) and/or Chief Executive Officer (CEO) of a listed company shall not hold the same position in another listed company;	Complied	
1(4)(c)	The Chairperson of the Board shall be elected from among the non-executive directors of the company;	Complied	
1(4)(d)	The Board shall clearly define respective roles and responsibilities of the Chairperson and the Managing Director and/or Chief Executive Officer;	Complied	
1(4)(e)	In the absence of the Chairperson of the Board, the remaining members may elect one of themselves from non-executive directors as Chairperson for that particular Board's meeting; the reason of absence of the regular Chairperson shall be duly recorded in the minutes.		Not Applicable
1(5)	<b>The Directors' Report to Shareholders:</b>		
1(5)(i)	An industry outlook and possible future developments in the industry;	Complied	
1(5)(ii)	The segment-wise or product-wise performance;	Complied	
1(5)(iii)	Risks and concerns including internal and external risk factors, threat to sustainability and negative impact on environment, if any;	Complied	
1(5)(iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin, where applicable;	Complied	
1(5)(v)	A discussion on continuity of any extraordinary activities and their implications (gain or loss);	Complied	
1(5)(vi)	A detailed discussion on related party transactions along with a statement showing amount, nature of related party, nature of transactions and basis of transactions of all related party transactions;	Complied	Not Applicable
1(5)(vii)	A statement of utilization of proceeds raised through public issues, rights issues and/or any other instruments;		Not Applicable
1(5)(viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Share Offer, Direct Listing, etc.;		Not Applicable
1(5)(ix)	An explanation on any significant variance that occurs between Quarterly Financial performances and Annual Financial Statements;	Complied	

Condition No.	Title	Compliance Status	Remarks (if any)
1(5)(x)	A statement of remuneration paid to the directors including independent directors;	Complied	
1(5)(xi)	A statement that the financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity;	Complied	
1(5)(xii)	A statement that proper books of account of the issuer company have been maintained;	Complied	
1(5)(xiii)	A statement that appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment;	Complied	
1(5)(xiv)	A statement that International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed;	Complied	
1(5)(xv)	A statement that the system of internal control is sound in design and has been effectively implemented and monitored;	Complied	
1(5)(xvi)	A statement that minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress;	Complied	
1(5)(xvii)	A statement that there is no significant doubt upon the issuer company's ability to continue as a going concern, if the issuer company is not considered to be a going concern, the fact along with reasons there of shall be disclosed;	Complied	
1(5)(xviii)	An explanation that significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof shall be explained;	Complied	
1(5)(xix)	A statement where key operating and financial data of at least preceding 5 (five) years shall be summarized;	Complied	
1(5)(xx)	An explanation on the reasons if the issuer company has not declared dividend (cash or stock) for the year;		Not Applicable
1(5)(xxi)	Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend;	Complied	
1(5)(xxii)	The total number of Board meetings held during the year and attendance by each director;	Complied	
1(5)(xxiii)(a)	A report on the pattern of shareholding disclosing the aggregate number of shares Parent or Subsidiary or Associated Companies and other related parties (name-wise details);	Complied	
1(5)(xxiii)(b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children (name-wise details);	Complied	
1(5)(xxiii)(c)	Executives;	Complied	
1(5)(xxiii)(d)	Shareholders holding ten percent (10%) or more voting interest in the company (name-wise details);	Complied	
1(5)(xxiv)(a)	A brief resume of the director;	Complied	
1(5)(xxiv)(b)	Nature of his or her expertise in specific functional areas;	Complied	
1(5)(xxiv)(c)	Names of companies in which the person also holds the directorship and the membership of committees of the Board;	Complied	
1(5)(xxv)(a)	Accounting policies and estimation for preparation of financial statements;	Complied	
1(5)(xxv)(b)	Changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes;	Complied	
1(5)(xxv)(c)	Comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof;	Complied	
1(5)(xxv)(d)	Compare such financial performance or results and financial position as well as cash flows with the peer industry scenario;	Complied	
1(5)(xxv)(e)	Briefly explain the financial and economic scenario of the country and the globe;	Complied	



Condition No.	Title	Compliance Status	Remarks (if any)
1(5)(xxv)(f)	risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company;	Complied	
1(5)(xxv)(g)	future plan or projection or forecast for company's operation, performance and financial position, with justification thereof, i.e., actual position shall be explained to the shareholders in the next AGM;	Complied	
1(5)(xxvi)	Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) shall be disclosed as per <b>Annexure-A</b> ;	Complied	
1(5)(xxvii)	The report as well as certificate regarding compliance of conditions of this Code as required under condition No. 9 shall be disclosed as per <b>Annexure-B</b> and <b>Annexure-C</b> .	Complied	
1(6)	The company shall conduct its Board meetings and record the minutes of the meetings as well as keep required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Code.	Complied	
1(7)(a)	The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee (NRC) at condition No. 6, for the Chairperson of the Board, other board members and Chief Executive Officer of the company;	Complied	
1(7)(b)	The code of conduct as determined by the NRC shall be posted on the website of the company including, among others, prudent conduct and behavior; confidentiality; conflict of interest; compliance with laws, rules and regulations; prohibition of insider trading; relationship with environment, employees, customers and suppliers; and independency.	Complied	
2.	<b>Governance of Board of Directors of Subsidiary Company:</b>		
2(a)	Provisions relating to the composition of the Board of the holding company shall be made applicable to the composition of the Board of the subsidiary company;	Complied	
2(b)	At least 1 (one) independent director on the Board of the holding company shall be a director on the Board of the subsidiary company;	Complied	
2(c)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company;	Complied	
2(d)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also;	Complied	
2(e)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.	Complied	
3.	<b>Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS).</b>		
3(1)(a)	The Board shall appoint a Managing Director (MD) or Chief Executive Officer (CEO), a Company Secretary (CS), a Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC);	Complied	
3(1)(b)	The positions of the Managing Director (MD) or Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO) and Head of Internal Audit and Compliance (HIAC) shall be filled by different individuals;	Complied	
3(1)(c)	The MD or CEO, CS, CFO and HIAC of a listed company shall not hold any executive position in any other company at the same time;	Complied	
3(1)(d)	The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS;	Complied	
3(1)(e)	The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange(s).	Complied	
3(2)	The MD or CEO, CS, CFO and HIAC of the company shall attend the meetings of the Board:	Complied	
3(3)(a)(i)	These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;	Complied	
3(3)(a)(ii)	These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws;	Complied	

Condition No.	Title	Compliance Status	Remarks (if any)
3(3)(b)	The MD or CEO and CFO shall also certify that there are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board or its members;	Complied	
3(3)(c)	The certification of the MD or CEO and CFO shall be disclosed in the Annual Report.	Complied	
4.	<b>Board of Directors' Committee:</b>		
4(i)	Audit Committee;	Complied	
4(ii)	Nomination and Remuneration Committee.	Complied	
5.	<b>Audit Committee:</b>		
5(1)(a)	The company shall have an Audit Committee as a sub-committee of the Board;	Complied	
5(1)(b)	The Audit Committee shall assist the Board in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business;	Complied	
5(1)(c)	The Audit Committee shall be responsible to the Board; the duties of the Audit Committee shall be clearly set forth in writing.	Complied	
5(2)(a)	The Audit Committee shall be composed of at least 3 (three) members;	Complied	
5(2)(b)	The Board shall appoint members of the Audit Committee who shall be non-executive directors of the company excepting Chairperson of the Board and shall include at least 1 (one) independent director;	Complied	
5(2)(c)	All members of the audit committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management background and 10 (ten) years of such experience;	Complied	
5(2)(d)	When the term of service of any Committee member expires or there is any circumstance causing any Committee member to be unable to hold office before expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board shall appoint the new Committee member to fill up the vacancy immediately or not later than 1 (one) month from the date of vacancy in the Committee to ensure continuity of the performance of work of the Audit Committee;	Complied	
5(2)(e)	The company secretary shall act as the secretary of the Committee;	Complied	
5(2)(f)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.	Complied	
5(3)(a)	The Board shall select 1 (one) member of the Audit Committee to be Chairperson of the Audit Committee, who shall be an independent director;	Complied	
5(3)(b)	In the absence of the Chairperson of the Audit Committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition No. 5(4)(b) and the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	Complied	
5(3)(c)	Chairperson of the Audit Committee shall remain present in the Annual General Meeting (AGM):	Complied	
5(4)(a)	The Audit Committee shall conduct at least its four meetings in a financial year:	Complied	
5(4)(b)	The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must.	Complied	
5(5)(a)	Oversee the financial reporting process;	Complied	
5(5)(b)	Monitor choice of accounting policies and principles;	Complied	
5(5)(c)	Monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance Plan and review of the Internal Audit and Compliance Report;	Complied	
5(5)(d)	Oversee hiring and performance of external auditors;	Complied	

Condition No.	Title	Compliance Status	Remarks (if any)
5(5)(e)	Hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption;	Complied	
5(5)(f)	Review along with the management, the annual financial statements before submission to the Board for approval;	Complied	
5(5)(g)	Review along with the management, the quarterly and half yearly financial statements before submission to the Board for approval;	Complied	
5(5)(h)	review the adequacy of internal audit function;	Complied	
5(5)(i)	Review the Management's Discussion and Analysis before disclosing in the Annual Report;	Complied	
5(5)(j)	Review statement of all related party transactions submitted by the management;	Complied	
5(5)(k)	Review Management Letters or Letter of Internal Control weakness issued by statutory auditors;	Not Complied	
5(5)(l)	Oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors;	Complied	
5(5)(m)	Oversee whether the proceeds raised through Initial Public Offering (IPO) or Repeat Public Offering (RPO) or Rights Share Offer have been utilized as per the purposes stated in relevant offer document or prospectus approved by the Commission:	Complied	
5(6)(a)(i)	The Audit Committee shall report on its activities to the Board.	Complied	
5(6)(a)(ii)(a)	report on conflicts of interests;	Complied	
5(6)(a)(ii)(b)	suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements;	Complied	
5(6)(a)(ii)(c)	suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations;	Complied	
5(6)(a)(ii)(d)	any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately;	Complied	
5(6)(b)	If the Audit Committee has reported to the Board about anything which has material impact on the financial condition and results of operation and has discussed with the Board and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board for three times or completion of a period of 6 (six) months from the date of first reporting to the Board, whichever is earlier.	Complied	
5(7)	Report on activities carried out by the Audit Committee, including any report made to the Board under condition No. 5(6)(a)(ii) above during the year, shall be signed by the Chairperson of the Audit Committee and disclosed in the annual report of the issuer company.	Complied	
6.	<b>Nomination and Remuneration Committee (NRC):</b>		
6(1)(a)	The company shall have a Nomination and Remuneration Committee (NRC) as a subcommittee of the Board;	Complied	
6(1)(b)	The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executive as well as a policy for formal process of considering remuneration of directors, top level executive;	Complied	
6(1)(c)	The Terms of Reference (ToR) of the NRC shall be clearly set forth in writing covering the areas stated at the condition No. 6(5)(b).	Complied	
6(2)(a)	The Committee shall comprise of at least three members including an independent director;	Complied	
6(2)(b)	All members of the Committee shall be non-executive directors;	Complied	
6(2)(c)	Members of the Committee shall be nominated and appointed by the Board;	Complied	
6(2)(d)	The Board shall have authority to remove and appoint any member of the Committee;	Complied	

Condition No.	Title	Compliance Status	Remarks (if any)
6(2)(e)	In case of death, resignation, disqualification, or removal of any member of the Committee or in any other cases of vacancies, the board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee;	Complied	
6(2)(f)	The Chairperson of the Committee may appoint or co-opt any external expert and/or member(s) of staff to the Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion from such external expert and/or member(s) of staff shall be required or valuable for the Committee;		Not Applicable
6(2)(g)	The company secretary shall act as the secretary of the Committee;	Complied	
6(2)(h)	The quorum of the NRC meeting shall not constitute without attendance of at least an independent director;	Complied	
6(2)(i)	No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the company.	Complied	
6(3)(a)	The Board shall select 1 (one) member of the NRC to be Chairperson of the Committee, who shall be an independent director;	Complied	
6(3)(b)	In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes;		Not Applicable
6(3)(c)	The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders:	Complied	
6(4)(a)	The NRC shall conduct at least one meeting in a financial year;	Complied	
6(4)(b)	The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC;	Complied	
6(4)(c)	The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an independent director is must as required under condition No. 6(2)(h);	Complied	
6(4)(d)	The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC.	Complied	
6(5)(a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders;	Complied	
6(5)(b)(i)(a)	The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully;	Complied	
6(5)(b)(i)(b)	The relationship of remuneration to performance is clear and meets appropriate performance benchmarks;	Complied	
6(5)(b)(i)(c)	Remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;	Complied	
6(5)(b)(ii)	Devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;	Complied	
6(5)(b)(iii)	Identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board;	Complied	
6(5)(b)(iv)	Formulating the criteria for evaluation of performance of independent directors and the Board;	Complied	
6(5)(b)(v)	Identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria;	Complied	
6(5)(b)(vi)	Developing, recommending and reviewing annually the company's human resources and training policies;	Complied	
6(5)(c)	The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report.	Complied	
7.	<b>External or Statutory Auditors:</b>		
7(1)(i)	Appraisal or valuation services or fairness opinions;	Complied	
7(1)(ii)	Financial information systems design and implementation;	Complied	
7(1)(iii)	Book-keeping or other services related to the accounting records or financial statements;	Complied	

Condition No.	Title	Compliance Status	Remarks (if any)
7(1)(iv)	Broker-dealer services;	Complied	
7(1)(v)	Actuarial services;	Complied	
7(1)(vi)	Internal audit services or special audit services;	Complied	
7(1)(vii)	Any service that the Audit Committee determines;	Complied	
7(1)(viii)	Audit or certification services on compliance of corporate governance as required under condition No. 9(1);	Complied	
7(1)(ix)	Any other service that creates conflict of interest.	Complied	
7(2)	No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company; his or her family members also shall not hold any shares in the said company:	Complied	
7(3)	Representative of external or statutory auditors shall remain present in the Shareholders' Meeting (Annual General Meeting or Extraordinary General Meeting) to Answer the queries of the shareholders.	Complied	
8.	<b>Maintaining a website by the Company:</b>		
8(1)	The company shall have an official website linked with the website of the stock exchange.	Complied	
8(2)	The company shall keep the website functional from the date of listing.	Complied	
8(3)	The company shall make available the detailed disclosures on its website as required under the listing regulations of the concerned stock exchange(s).	Complied	
9.	<b>Reporting and Compliance of Corporate Governance:</b>		
9(1)	The company shall obtain a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of conditions of Corporate Governance Code of the Commission and shall such certificate shall be disclosed in the Annual Report.	Complied	
9(2)	The professional who will provide the certificate on compliance of this Corporate Governance Code shall be appointed by the shareholders in the annual general meeting.	Complied	
9(3)	The directors of the company shall state, in accordance with the Annexure-C attached, in the Directors' Report whether the company has complied with these conditions or not.	Complied	

## MANAGEMENT DISCUSSION & ANALYSIS

The following financial and operational review is intended to convey the Management's perspective on the financial and operating performance of the Company for the year ended 30<sup>th</sup> June 2021. This Report has been prepared in line with the guidelines of BSEC Corporate Governance Code, 2018. This report is an integral part of the Directors' Report. Details on industry structure and developments, outlook, risks, internal control systems and their adequacy, material developments in human resources have been covered in the Directors' Report.

### Global Economy:

International Monetary Fund (IMF) in their October-2021 edition of the 'World Economic Outlook Update' has projected the global economy to grow at 5.9% in 2021, moderating to 4.9% in 2022. Government and central bank backing, as well as advancements in vaccination, have all aided the worldwide economic recovery. Despite the fact that global GDP has now surpassed pre-pandemic levels, the recovery is still unequal, with countries emerging from the crisis confronting a variety of challenges. This recovery is uneven, and it is mostly due to significant economic recoveries in a few major economies. Obstacles to vaccination continue to hamper vaccination in many emerging market and developing economies (EMDEs). Around two-thirds of EMDEs would not have fully recovered last year's per capita income losses by 2022.

As economies reopen, demand for vital commodities such as oil and metals have risen rapidly, driving up prices. Food prices are also growing, putting upward pressure on pricing, particularly in emerging nations. Cost concerns have been exacerbated by supply chain tensions induced by the pandemic. Simultaneously, shipping prices have risen dramatically. Nonetheless, the inflation outlook differs significantly. It has risen dramatically in the United States and certain emerging market nations, but it remains low in many other advanced economies, particularly in Europe.

The global picture is still fraught with dangers, including the prospect of more COVID-19 waves and financial

stress caused by high EMDE debt levels. Policymakers will have to strike a compromise between the need to aid recovery and the requirement to maintain price stability and fiscal viability.

### Bangladesh Economic Overview:

Bangladesh, like other countries, is going through the hard challenge of fully recovering from the COVID-19 pandemic that has sluggish economic activity and erased some of the advances made in the previous decade. However, after being severely affected by the COVID-19 pandemic, Bangladesh has been so far in better economic position compared to other countries in terms of GDP growth where most of the countries could not attain positive growth. According to the estimates of Bangladesh Bureau of Statistics (BBS), GDP growth has been decelerated to 3.51 percent in FY 2019-20, which has been estimated to 5.47 percent in FY 2020-21. Over the last decade, it has been one of the world's fastest growing economies, owing to a demographic dividend, high ready-made garment (RMG) exports, strong remittance inflows, and stable macroeconomic conditions. According to the IMF, continued recovery in exports and consumption will boost GDP growth rates to 6.5 percent in fiscal year 2021-22, however, the government has set a growth target 7.2 percent for the same period.

Despite challenging environment caused by the Covid-19 pandemic, Bangladesh's macroeconomic performance was quite satisfactory, thanks to the government for timely implementation of the stimulus package, continued fiscal and extraordinary monetary policy support, and an expanded vaccination program. During FY 2020-21, the per capita national income stood at US\$ 2,227, from US\$ 2,024 compared to the previous fiscal year. While, due to the US\$ 9.3 billion surplus in the overall balance of payment, foreign exchange reserve increased significantly to reach at US\$ 46.39 billion on 30 June 2021.

In FY 2021-22, it is expected that robust service sector growth will be supported by a recovery in manufacturing as export demand improves, a rebound in construction

supported by accelerated public investment, and a recovery in manufacturing as export demand strengthens. Inflation is expected to continue close to the Bangladesh Bank's target of 5.5 percent, while the budget deficit is expected to remain at 6% of GDP.

Bangladesh must face the challenge of limiting COVID-19 in order to fully recover and accomplish its growth goals of reaching upper-middle income status and must also address the issue of job creation by fostering a competitive business environment, increasing human capital and skilled labor force, improving infrastructure, and fostering a policy environment that encourages private investment. Vaccinating the population will reduce disease incidence and death, allowing for a full recovery of economic activities.

#### **Global Steel Industry Outlook:**

Worldsteel has predicted in their world Short Range Outlook-October, 2021 edition that a 4.5% increase in steel demand in 2021 after a 0.1 percent increase in 2020, reaching 1,855.4 Mt while steel consumption will rise by 2.2% to 1,896.4 Mt in 2022. With the advancement of immunizations around the world, the current projection expects that the spread of COVID virus variations will be less harmful and disruptive than earlier waves. Due to this vigorous recovery, global steel demand outside China is expected to return earlier than expected to its pre-pandemic level this year. In developed economies reduction in supply chain bottlenecks continued pent-up demand and rising business and consumer confidence, will strengthen the recovery momentum in 2022. After falling by -12.7% in 2020, steel demand will increase by 12.2% in 2021 and 4.3% in 2022, reaching its pre-pandemic level. In the EU, the recovery in steel demand that started in the second half of 2020 is gathering pace, with all steel-using sectors exhibiting a positive recovery despite continuing waves of infection.

In developed Asia, the COVID situation worsened in 2021, exacerbated by slower vaccination progress, but steel demand recovery was not interrupted and the forecast has been revised up, helped by the strong rebound in global trade and government infrastructure programs. Steel demand in developing economies

outside of China grew in 2021, supported by rising commodity prices and increased international trade. New COVID waves, hampered emerging economies. Conditions in emerging economies are likely to improve by 2022 as vaccinations advance, but the pandemic will have a long-term impact on these economies due to weakening financial positions and accumulating structural issues. Because of instability in the real estate sector and government measures to reduce carbon emissions, China's steel demand is predicted to fall by 1% in 2021, after growing by 9.1% in 2020.

#### **Bangladesh Steel Industry:**

Bangladesh is one of Asia's leading emerging steel markets and has a growing need for raw materials and steelmaking technologies. The movement towards a progressive national economy strongly depends on the how construction materials specially steels related industries have evolved and such products are readily available. Steel is a basic raw material for infrastructural development and multiple other uses. The demand for steel will inevitably grow in line with the country's economic and infrastructural development. Major buyers of mild steel and re-rolled products include individuals, government and institutional buyers in the real estate sector. Implementation of the government's huge infrastructural development plans have been driving the double digit growth rate in the country's steel industry and the growth is expected to persist for the next two decades amid ambitious development initiatives by the government.

Steel producers manufacture steel in several shapes according to demand from end consumers. Based on shape, the steel industry in Bangladesh can be categorized into two classes of products: long steel (MS rod/TMT bar) and flat steel (mainly CI sheet and CR coil, GP Sheet). In Bangladesh most construction steel can be traced to local production of long products, most of it in reinforcing steel, commonly known as M.S. Rods. Long Steel products are used in all industrial sectors, particularly in the construction and engineering industries. Different types of flat products include Plates, Hot Rolled Sheets, Cold Rolled Sheets and Coated Sheet.

The steel industry is primarily driven by two factors: first, the implementation of the government's ADP programs and infrastructure-building activities, and second, industrial and individual demand, particularly in the real estate sector. Government projects now account for roughly 40% of overall steel usage. According to local industry leader, Bangladesh's current per capita steel rebar consumption is only 45 kilograms, but this is predicted to rise to 75 kilograms by 2022.

According to the World Steel Association, the country's apparent steel consumption was 2.7 million MT in FY 2014, up from 2.4 million MT the previous year. According to industry insiders, annual steel consumption of steel (both graded and non-graded) products, comprising long products and flat products - CR/GP sheet, is now around 8 million MT. The steel sector will grow further riding on Bangladesh's dense population, enhancing life expectancy rate, rapid construction of economic zones, large investments in infrastructures, booming agriculture, thriving garments sector and an increase in energy supply with the import of LNG.

Bangladesh's steel industry is primarily reliant on the construction industry, which is facing major challenges as a result of economic and development disruptions. Despite recording rapid growth for decades, Bangladesh's steel sector now faces a serious threat owing to coronavirus pandemic. As the economy and construction sector are rebounding, it is expected that the industry will regain its earlier growth soon.

#### Financial Position of Last Five Years:

#### S. ALAM COLD ROLLED STEELS LTD.

(Taka in Million)

Operational Results	2021-20	2019-20	2018-19	2017-18	2016-17
Revenue	5,348.22	4,085.00	5,170.82	3,806.74	2,450.60
Gross Profit	745.24	630.07	805.76	581.92	327.64
Profit after Tax	82.31	51.53	100.29	120.73	106.19
EPS	0.88	0.55	1.05	1.25	1.11
Net Assets Value (NAV)	18.89	19.01	19.46	19.41	19.55
Net Operating Cash Flow	(21.75)	9.19	0.50	1.17	(18.39)
Proposed/Declared Dividend	10% cash	10% cash	10% cash	10% cash	10% Cash

#### Financial Performance at a glance:

#### Preparation of Financial Statements:

The consolidated Financial Statements have been prepared on going concern basis under the historical cost convention method and also prepared in compliance with requirement of BAS (Bangladesh Accounting Standards) / Bangladesh Financial Reporting Standards (BFRS) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) as applicable in Bangladesh.

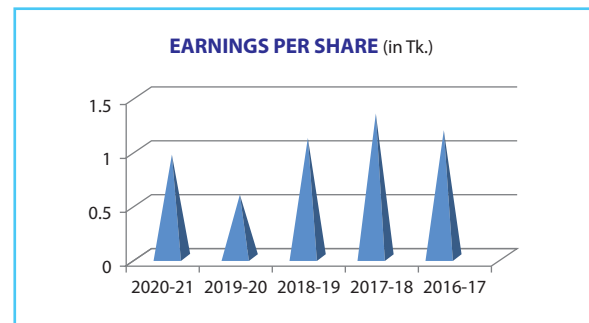
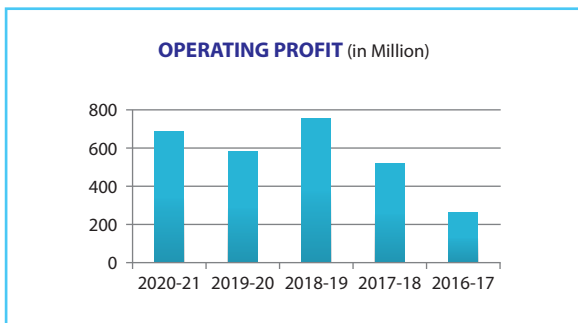
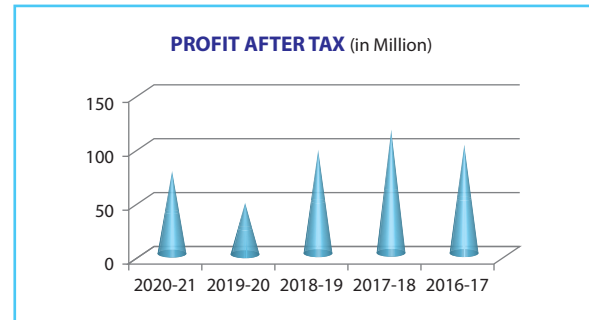
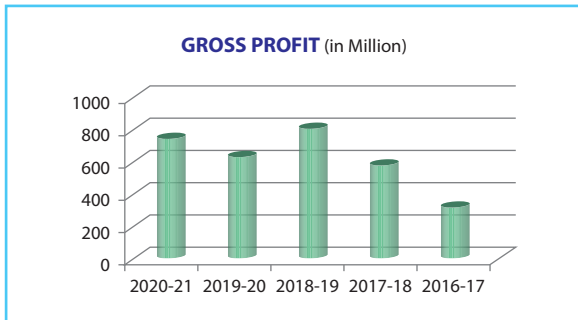
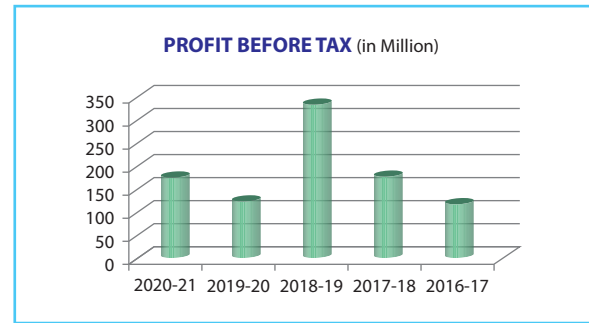
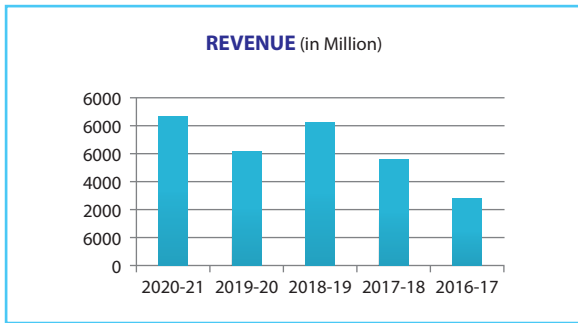
#### Accounting Policies and Estimates:

In the preparation of Financial Statements, no accounting treatment different from that prescribed in the Accounting Standard has been followed. The details of accounting policies & estimates applied for the preparation of Financial Statements are described in note no. 3.00 of Audited Financial Statements. There are no changes in accounting policies & estimates for the fiscal year 2020-21.

#### Financial Performance:

During the financial year under report, the impact of the corona virus pandemic adversely affected the financial performance of the company, specially in the fourth quarter (April- June) 2021. The company's operations, distribution, supply chain, were heavily disrupted during the government restrictions/ lockdown in the second and third waves of the pandemic in the country. Otherwise, the financial performance of the company in the first three quarters (July to March) under-report was quite satisfactory compared to the previous year.





### Financial Performance of Peer Industry:

The company is categorized as the producer of flat steel segment and the peer companies include Abul Khair Steel, KYCR, PHP, Appollo Ispat, TK etc. However, all the companies in the peer industry except Appollo Ispat Complex Ltd. are non-listed companies therefore; financial data and other information of the other companies are not published for general information. The data published and available in the website of Appollo Ispat Complex Ltd. are summarized hereunder:

### APPOLLO ISPAT COMPLEX LTD.

(Taka in Million)

Operational Results	2020-21	2019-20	2018-19	2017-18	2016-17
Revenue	Not yet Published	Not yet Published	Not yet Published	3,863.83	5,714.34
Gross Profit	Do	Do	Do	716.03	1,110.37
Profit after Tax	Do	Do	Do	21.41	478.73
EPS	Do	Do	Do	.05	1.35
Net Assets Value (NAV)	Do	Do	Do	20.19	22.15
Net Operating Cash Flow	Do	Do	Do	.82	0.33
Proposed/Declared Dividend	Do	Do	Do	3% Stock	10% Stock

### **Risk and mitigation:**

As a matter of fact and like others in the business activities, your Company is also exposed to an increasing degree of risks that can adversely affect the functioning of the Company. The management is however vigilant at all times to identify and mitigate such potential risks.

The risks that may affect functioning of the Company include, but are not limited to:

- Seasonal fluctuations as well as inflationary pressures affecting demand of the company's products;
- Adverse economic conditions and environment;
- Increase in cost of raw materials, transportation and storage;
- Attrition of key staff and technical personnel as well as labour relations;
- Changes in VAT, Tax and other laws creating regulatory pressures;
- Political uncertainty and sluggish business situation in the country.

The preparation of financial statements required the management to make some forward looking estimates and assumptions within the meaning of applicable laws and speculations for accounting of certain items of the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities, depreciation and amortization, taxes, reserves and contingencies. Actual result may differ from those estimates, expressed or

implied. Detailed risks and concerns discussed in **Annexure-H**.

### **Looking Forward:**

The steel industry of Bangladesh has played a vital role to the country's overall infrastructural development. However, the post-pandemic impact is predicted to have long-term consequences on consumer purchasing habits, demand, supply chains, and business structures. Given the unpredictability of the pandemic and the uncertainty of recovery timelines, it is likely that the pandemic will have medium to long-term impacts on the economy. Given the current economic situation, your company is committed to implementing the necessary flexible plans and strategies to ensure that it can continue to operate for the foreseeable future. Your Company is well-positioned to harness the present challenges, given the strength of its Brand, innovation capabilities, and marketing. Accordingly, with our distribution strength, we will strive to ensure continuous availability of stock across channels and flexibility in our supply chain. Despite the challenging environment, we believe that by exhibiting a higher degree of performance, quick and effective decision-making we will be able to stay ahead of the curve and continue to expand our business.

For and on behalf of the management

  
**(Osman Goni)**  
Managing Director

## Key Operating Financial Performance for Last Five Years

PARTICULARS	30.06.2021	30.06.2020	30.06.2019	30.06.2018	30.06.2017
<b>Operating Information</b>	<b>CONSOLIDATED (BDT in Million)</b>				
Revenue	5,348.22	4,085.00	5,170.82	3,806.74	2,450.61
Cost of Sales	(4,602.98)	(3,454.92)	(4,365.05)	(3,224.83)	(2,122.96)
Gross Profit	745.24	630.07	805.76	581.92	327.65
Selling and Distribution Expenses	(3.36)	(2.16)	(0.53)	(0.86)	(3.39)
Administrative Expenses	(56.81)	(48.19)	(52.14)	(58.58)	(56.79)
Operating Profit	688.08	579.71	753.08	522.47	267.47
Financial Expenses	(508.94)	(459.20)	(408.14)	(345.06)	(151.86)
Profit before Non-operating Income	179.14	120.52	344.93	177.42	115.60
Other Income	0.00	0.00	0.00	0.00	0.83
Finance Income	6.47	7.51	8.59	8.08	8.23
Contribution to WPPF and Welfare Fund	(9.99)	(6.75)	(18.23)	(9.69)	(6.68)
Profit before Tax	175.61	121.28	335.29	175.80	117.98
Income Tax Expenses	(93.30)	(69.75)	(235.00)	(55.07)	(11.79)
Total Comprehensive Income	82.31	51.53	100.29	120.73	106.19

BALANCE SHEET INFORMATION	CONSOLIDATED (BDT in Million)				
Non-Current Assets	4,198.76	4,286.45	4,336.29	4,260.16	4,209.70
Current Assets	13,914.72	13,685.53	12,387.81	9,577.10	9,938.08
Total Assets	18,113.49	17,971.98	16,724.10	13,837.25	14,147.78
Shareholder's Equity	1,858.20	1,869.74	1,914.47	1,909.20	1,922.70
Non-Controlling Interest	118.80	123.09	125.20	128.55	131.04
Non-Current Liabilities	274.25	316.14	1,357.71	1,604.45	1,863.27
Current Liabilities	15,862.22	15,663.01	13,326.71	10,195.05	10,230.78
Total Liabilities	16,136.48	15,979.15	14,684.42	11,799.50	12,094.05
<b>OTHER INFORMATION</b>					
Earnings Per Share (Taka)	0.88	0.55	1.05	1.25	1.11
Proposed/Declared Dividend	10% Cash	10% cash	10% Cash	10% Cash	10% Cash
Net Asset Value Per Share (Taka)	18.89	19.01	19.46	19.41	19.55
Net Operating Cash Flow Per Share (Taka)	(21.75)	9.19	0.50	1.17	(18.39)

**DISCUSSION ON COST OF GOODS SOLD, GROSS PROFIT MARGIN AND NET PROFIT MARGIN:**

Particulars	Year ended on 30.06.2021 (Consolidated)	Year ended on 30.06.2020 (Consolidated)	Increase/(Decrease) based on Turnover of the year under reports
Cost of Goods Sold	86.06%	84.58% of Turnover	1.48%
Gross Profit Margin	13.93%	15.42% of Turnover	(1.49%)
Net Profit Margin	1.53%	1.26% of Turnover	0.27%

**(a) Cost of Goods Sold:**

As compared to that of the previous year, the Cost of Sales for the year under report witnessed an increase by 1.48% on the turnover for the year. The increase in the cost of sales has been mainly due to an increase in raw materials and manufacturing expenses with the impact of the COVID-19 pandemic as compared to the previous year.

**(b) Gross Profit Margin:**

In comparison with that of the previous year Gross Profit Margin in relation to the Turnover of the year under report recorded 1.49% decrease. Reasons are attributable mainly increase of cost of sales as compared to the corresponding previous year.

**(c) Net Profit Margin:**

Net Profit Margin in relation to the Turnover of the period under report recorded 0.27% increase on comparison with that of the previous year. The reasons are attributable to increase sales and gross profit margin as compared to the previous year.

**SEGMENT-WISE / PRODUCT-WISE PERFORMANCE:***(Figures in nearest Taka '000)*

	As at 30.06.2021			As at 30.06.2020		
	CR Coil	GP/CI Sheet (NOF)	Total	CR Coil	GP/CI Sheet (NOF)	Total
Revenue	2,557,858	2,790,369	5,348,227	1,967,230	2,117,771	4,085,001
Cost of Sales	(2,199,388)	(2,392,667)	(4,592,055)	(1,646,230)	(1,803,478)	(3,449,708)
Gross Profit (GP)	358,470	397,702	756,172	321,000	314,293	635,293
GP in % of Revenue	14.01%	14.25%	14.14%	16.32%	14.84%	15.55%
Selling, Distribution & Administrative Cost	(44,118)	(9,714)	(53,832)	(41,769)	(6,965)	(48,735)
Operating Result	314,352	387,988	702,340	279,231	307,328	586,559
Finance Cost (Net)	(241,179)	(261,252)	(502,431)	(216,716)	(234,776)	(451,492)
Net Profit before Provisions	73,173	126,736	199,909	62,515	72,552	135,067
Contribution to WPPF & WF	(3,659)	(6,337)	(9,996)	(3,126)	(3,627)	(6,753)
Profit before Tax	69,514	120,399	189,913	59,389	68,925	128,314
Net Profit in % of Revenue	2.72%	4.31%	3.55%	3.02%	3.25%	3.14%

## RISKS AND CONCERNS

As with all investments, investors should be aware that risks are associated with an investment in the Company. Investment, Investors should carefully consider all the risks and uncertainties associated to the company along with all the information provided in this report before taking decision to invest in shares of SACRSL.

### Raw material acquisition & Price of raw material

The main raw material, Hot Rolled (HR) Strips are internationally traded commodities imported from abroad. The availability of the raw materials mainly depends on the importing countries' increasing trend of consumption and policy of the respective exporting countries. Non-availability of raw materials will directly affect the production of SACRSL.

### Management Perception

The main raw material of the project is adequately available in different countries and more countries are coming in this industry as a raw material supplier. Moreover, the Company has already built up good business relationship with big foreign suppliers. Simultaneously company keeps in hand bulk stock of raw materials. The enhancement of price of imported raw material is beyond the control of the company.

### Industry Risk:

#### 01. Profitability may reduce

The company is operating in a highly competitive industry with low profit & highly sensitive to the market. Moreover the company faces competition from a number of private sector mills those are found to be very aggressive in the market. Inability of offering competitive products will hinder the company's growth potential.

#### Management perception

The company has successfully accessed the market till date and is working on offering new and better quality products at competitive terms. Moreover the group's track record for operating in the low profit and highly market sensitive environment establishes its capability.

#### 02. New Entrants may enhance competition

New entrants of similar/higher scale may push the company in a competitive scenario.

#### Management perception

Implementation of similar project generally have a lead time of two years and before the earliest entrant the company will be able to consolidate its both financial as well as market position. Furthermore,

with the track record of S. Alam and its market reputation it will be very difficult for new comers to make inroads into the quality steels market. Moreover, Steel is a higher capital-intensive industry and therefore, barriers to entry are high. Hence, first-mover's advantage is big and S. Alam, with its past experience and performance, will enjoy this advantage.

### Market and technology related Risk:

#### (i) Market Risk

Major competitors in this sector are PHP Cold Rolling Mills Limited, Abul Khair Steel Products Limited, KYCL coil Industries Limited. None of them are utilizing their 100% capacity and also not consuming 100% of their production. So it can be inferred that if these companies start to utilize 100% of their capacity and reduces the prices of their product then it will add business risk to SACRSL.

#### Management Perception

Currently there is a gap between demand and supply of CI Sheets in our country. On the other hand demand for CI Sheets is increasing drastically day by day. In this situation chance of excessive competition is almost zero. Moreover the company's brand is well accepted in the market for its quality.

#### (ii) Technology related Risk

The production facilities of SACRSL are based on high-tech machineries. So any invention of new and more cost effective technology may make the company outperformed by its competitors.

#### Management Perception

Management of the company is aware of recent technological developments in the steel world and keeps their employees upto-date on those by providing necessary training.

#### Interest rate risk

Interest rate risk is concerned with borrowed funds of short term and long-term maturity. Volatility in money market and increased demand for loans/investment funds raise the rate of interest. High rate of interest enhances the cost of fund of a company and could adversely affect the business and future financial performance.

#### Management perception

In order to manage this risk and overcome it, the company shall exercise good management in its cash flows, coupled with continued strength in sales

and marketing. The management of the Company is always aware of interest rate, which is concerned to the cost of fund of the Company. The Management prefers in procuring of the long-term fund with minimum fixed interest rate and the short-term fund with reasonable competitive rate. On the other hand management of the Company is emphasizing on equity based financing.

#### **Exchange Rate Risk**

Any adverse fluctuation in the exchange rate of Taka may increase the costing of raw materials or any machinery related parts.

#### **Management Perception**

Appropriate and responsible hedging mechanisms are employed by SACRL in the past in case of significant taka devaluation in order to keep the cost minimum and same will be followed in future. However, if the price of the US dollar appreciates too sharply against the BDT, this will be a nationwide phenomena experienced by the whole industry. In such a scenario, there will be a market adjustment in end product prices.

#### **Potential or existing government regulations**

Changes in tax and VAT laws, their upward revision could adversely impact results of operations and cash flows amongst other things. And situation will get worst when such alteration/revision is made suddenly.

#### **Management Perception**

Like all democratically elected governments, the Government of Bangladesh also holds commitment for economic emancipation of the nation, which can be achieved through maintaining sustainable industrial growth. Therefore, it is most unlikely that Government will initiate any fiscal measure having adverse effect upon industrialization.

#### **Changes in Environmental Laws and Regulations**

S. Alam Cold Rolled Steels Ltd. is subject to environmental laws and regulation which limits the discharge of pollutants into the air water and established standards for the treatment, storage and disposal of solid and hazardous wastes. These laws and regulations require investment of capital and other expenditure for ensuring complain. The operation of plant entail inherent risk of environmental damage and the company may incur liabilities in the future arising from the discharge of pollutants into the environment or waste disposal or hazardous material handling practices.

#### **Management Perception**

SACRSL is highly conscious about the environment. None of the raw materials used by the company is toxic in nature or hazards to health. It uses ETP – Effluent Treatment Plant-a water treatment plant - with a view to

prevent water pollution. Moreover, S. Alam Cold Rolled Steels Ltd. workers are provided with hand gloves, masks and safety boots, as part of normal precautionary measures. Exhaust fans have been installed in the factories for better and adequate ventilation whilst high capacity dust collectors minimize floating around of dust particles inside the factories. The company has not received any health-related complaints from its worker so far.

#### **Potential changes in global or national policies**

Any major changes in global economic policy, which may affect the economy of Bangladesh, will also adversely affect the operation of the company.

#### **Management perception**

Company is aware of these consequences but not expecting any sharp changes in the major global economic arena.

#### **Operational risk**

Strikes, non-cooperation movement by the opposition parties, extortion and unforeseen political dispute may affect the operations or productivity of the company.

#### **Management Perception**

Any natural calamity is beyond human control. However company's all assets have a comprehensive Industrial All Risk coverage by a renowned insurer. So, products of the company would have steady and increased demand under any adverse situation. These sorts of disturbances are very often in Bangladesh and business community is habituated with these problems.

#### **Risk associated with recovery of debts:**

Non-recovery of debts has a direct negative impact on the cash flow of the organization and may cause difficulties in smooth business operation.

#### **Management Perception:**

Major productions are consumed by the other GP/CI steel industry of the group. Major sales within and outside the group concerns are executed through letter of credit, hence the chance of non-recovery of dues are negligible.

#### **Risk of disruption due to Natural disaster, Political unrest etc.:**

Any damage occurred due to natural disasters like Cyclone, Tide, Earthquake and Political unrests like civil disorder may hamper normal performance of power supply, which is beyond control of the company.

#### **Management Perception:**

As there is no doubt that the plant is very expensive and the management has experience to handle such risks and will ensure insurance from a first class insurance company.

## PATTERN OF SHAREHOLDING

The name-wise details of the aggregate number of shares of the company held by:

**a)** Associated companies and other related parties:

Sl. No.	Names	Number of Shares	Percentage
1)	S. Alam Bag Manufacturing Mills Limited	44,100	0.045
2)	S. Alam Soyaseed Extraction Plant Limited	4,85,140	0.493
3)	Portman Cements Limited	3,88,110	0.395
4)	S. Alam Properties Limited	4,62,690	0.470
5)	Sonali Cargo Logistics (Pvt.) Limited	3,88,110	0.395
6)	S. Alam Refined Sugar Industries Limited	1,77,350	0.180
7)	Hasan Abasan (Pvt.) Limited	3,49,300	0.355

**b)** The Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouse and minor children (name-wise details):

Sl. No.	Names	Position	Number of Shares	Percentage
a	Mr. Mohammed Saiful Alam Spouse - Ms. Farzana Parveen Minor Children	Director xxxxx xxxxx	23,03,980 4,31,890 Nil	2.342 0.439 0
b	Mr. Abdus Samad Spouse and Minor Children	Chairman xxxxx	19,67,430 Nil	2 0
c	Mr. Osman Goni Spouse and Minor Children	Managing Director xxxxx	19,67,430 Nil	2 0
d	Mr. Md. Rafique Ullah Spouse and Minor Children	ICB Nominee Director from Institutional Investors' Group xxxxx	Nil Nil	0 0
e	Ms. Halima Begum Spouse and Minor Children	Nominated Director, S. Alam Vegetable Oil Ltd. xxxxx	1,000 Nil	0.001 0
f	Mr. Md. Enayet Ullah, FCA Spouse and Minor Children	Independent Director xxxxx	Nil Nil	0 0
g	Mr. Sampad Kumar BasaK, FCA Spouse and Minor Children	Independent Director xxxxx	Nil Nil	0 0
h	Mr. Md. Delwar Hossain, FCA Spouse and Minor Children	Chief Financial Officer xxxxx	Nil Nil	0 0
i	Mr. Md. Shohel Amin, ACS Spouse and Minor Children	Company Secretary xxxxx	Nil Nil	0 0
j	Mr. Shimul Nandy Spouse and Minor Children	Head of Internal Audit & Compliance xxxxx	Nil Nil	0 0

**c)** Executives – (Top 5 (five) salaried employees of the company other than the Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer and Head of Internal Audit & Compliance)

Sl. No.	Names	Position	Number of Shares	Percentage
a)	Mr. Md. Moshir Rahman	General Manager (Factory)	60	0.000061
b)	Mr. Shafiqul Alam	DGM (NOF)	0	0
c)	Mr. Mohsin Alam Chowdhury	Deputy Manager (Electrical)	0	0
d)	Mr. Md. Shah Alam	Manager	0	0
e)	Mr. S. M. M. A. Mostafa	Manager (PRD)	0	0

**d)** Shareholders holding 10% or more voting interest in the company (name-wise details):

Sl. No.	Names	Number of Shares	Percentage
a)	S. Alam Steels Limited, Sponsor	1,84,31,940	18.737

## REPORT OF THE AUDIT COMMITTEE

Under condition 5.7 of the BSEC Notification # SEC/CMRRCD/2006-158/207/Admin/80 dated 03 June, 2018.

The Honorable Shareholders,

It gives me great pleasure to present, once again, the report of the Audit committee for the year ended 30<sup>th</sup> June 2021.

The business and financial operations of the Company are conducted and exercised through an established internal control system by an independent internal audit team which verifies and follows-up the activities of the internal control procedures and reports to the Audit Committee. Through monitoring the choice of accounting policies / principles and overseeing the financial reporting process and in ensuring good monitoring system within the business by its review on regular basis of the effectiveness and adequacy of internal audit function and by continuous monitoring of the Internal Control Risk management process, the Committee assisted the Board of Directors in ensuring that the financial statements reflect true and fair view of the state of affairs of the company. The Committee also oversee hiring and performance of the external auditors. As part of its oversight process, the Chairman of the Committee, held regular individual discussions with the external auditors, the CFO, the Head of Internal Audit (Internal Control & Compliance), the management and head of concerned departments, and keeps the Committee regularly informed about the results of such discussions. Moreover, the Chairman of the Committee briefs regularly to the Chairman of the Board of Directors about the activities of the Audit Committee. The Committee reviewed also the compliance mechanisms and systems of the company to ensure that the company satisfies all legal and regulatory requirements and that the Code of Conduct is being adhered to.

It is not the duty of the Audit Committee to

- (a) plan or conduct audits,
- (b) prepare the Company's financial statements, or
- (c) determine or certify that the Company's financial statements and disclosures are complete and accurate and are in accordance with rules and regulations. These are the responsibilities of the management and of the external auditors.

It is reported that 4 (four) no. of Audit Committee Meetings held during the year ended 30<sup>th</sup> June 2021. The composition of the Audit Committee and number of meetings attended by the Members during the year are as follows;

Name	Position	Number of meeting Held	No. of meeting attended
Mr. Sampad Kumar Basak FCA	Chairman	4	4
Mr. Mohammed Saiful Alam	Member	4	4
Mr. Md. Rafique Ullah	Member	4	4

For its review, the members of the Committee were provided with comprehensive documentation for the year ended 30<sup>th</sup> June 2021, some of which were in draft form, including the annual financial statements and the auditors' report thereon, drafts of the Directors' report and that of the Audit Committee as well as the proposal made by the Board of Directors on the appropriation of profits, Management Discussion and Analysis, draft Price Sensitive Information for dissemination and the draft Notice of the 21<sup>st</sup> Annual General Meeting of the Company. Following intensive review of the documents and discussion with the management and the external auditors, the Committee recommended that the Board of Directors should approve the annual Financial Statements along with the other documentations as also reviewed by the Committee in connection therewith and relevant thereto. In addition to those documents, the Audit Committee reviewed the financial statements in particular the investments made, of the *S. Alam Power Generation*




Limited, a subsidiary of this Company, for year ended 30<sup>th</sup> June 2021. The Committee also conducted a self-evaluation of its activities in the same Meeting. It did not result in any need for action with regard to the Committee's activities or with regard to the content or procedure of the Meetings.

The Audit Committee in the context aforesaid reports as follows:

- (i) In our oversight role, we review on regular basis the effectiveness and adequacy of internal control system as well as the financial records on the basis of findings of the internal audit team;
- (ii) We believe that our such review provided a reasonable basis for our opinion that proper and sufficient care had been taken for maintenance of adequate accounting records for safeguarding the company's interest and for preventing and detecting frauds and other irregularities; and
- (iii) We did not find, during the year under report, any material deviation, discrepancies or any adverse findings / observations in the following areas of reporting:
  - conflict of interests;
  - suspected or presumed fraud or irregularity or material defect in the internal control system;
  - suspected infringement of laws, including securities related laws, rules and regulations; and
  - any other matter requiring immediate disclosure to the Board.

The Audit Committee further reports that:

- (i) we have reviewed along with the management the financial statements for the year ended 30<sup>th</sup> June 2021 before submission thereof to the board for approval, and we found adequate arrangement to present a true and fair view of the activities and financial status of the Company; and
- (ii) we have, in addition thereto, reviewed the financial statements, in particular the investments made, of the S. Alam Power Generation Limited, a subsidiary of this Company, for year ended 30<sup>th</sup> June 2021.

  
**Sampad Kumar Basak FCA**  
Chairman, Audit Committee

## REPORT OF THE NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee of the company was constituted in accordance with condition no. 4(ii) & 6 of the BSEC Corporate Governance Code, Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018 as a sub-committee of the Board. The Report of Nomination and Remuneration Committee has been prepared according to the requirements of the Corporate Governance Code issued by the Bangladesh Securities and Exchange Commission (BSEC).

### A. Composition:

As on June 30, 2021, the Nomination and Remuneration Committee Comprised with following members;

Name	Category	Position of the Committee
Mr. Sampad Kumar Basak FCA	Independent Director	Chairman
Mr. Mohammed Saiful Alam	Non- Executive Director	Member
Mr. Abdus Samad	Non- Executive Director	Member
Mr. Md. Shohel Amin ACS	Company Secretary	Secretary

### B. Terms of references:

Terms of reference of the Nomination and Remuneration Committee includes:

- (i) Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors and top level executives considering the following:
  - (a) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully;
  - (b) The relationship; of remuneration to performance is clear and meets appropriate benchmarks;
  - (c) Remuneration to directors, top level executives involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the company and its goals.
- (ii) Devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;
- (iii) Identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board;
- (iv) Formulating the criteria for evaluation of performance of independent directors and the Board;
- (v) Identifying the company's need for employees at different levels and determine their selection, transfer or replacement and promotion criteria; and
- (vi) Developing, recommending and reviewing annually the company's human resources and training policies.

### C. Nomination and Remuneration Policy:

The Board has, on the recommendation of the Nomination & Remuneration Committee, framed a Policy for selection, appointment and remuneration of Directors and Key Managerial Personnel in accordance with the guidelines of BSEC Corporate Governance Code. The Nomination and Remuneration Policy for members of the Board of Directors, Key Managerial Personnel and Senior Management of the Company is designed to attract, motivate and retain and promote talent and to ensure long term sustainability of talented top level Executive and also to create competitive advantage.

The Policy reflects the Company's objectives for good corporate governance as well as sustained long-term value creation for shareholders.

#### **D. Evaluation Policy:**

In accordance with the corporate governance code, Nomination and Remuneration Committee duly formulated evaluation criteria for evaluation of performance of the Board of Directors and Independent Director which have been adopted by the Board.

The Board evaluation criteria framed through questionnaire designed with qualitative parameters and feedback based on ratings. Evaluation of the Board was based on criteria such as composition and role of the Board, Board communication and relationships, functioning of Board Committees, Meaningful participation, succession planning, strategic planning, etc.

The Independent Directors to be evaluated on parameters like Director's contributions at Board/Committee meetings, willingness to devote time and effort to understand the Company and its business, ability to understand governance, regulatory, financial, fiduciary and ethical requirements of the Board/Committee, adherence to Code of Conduct and how the independent director is able to bring independent judgment during board deliberations on strategy, performance, risk management etc. in addition to the criteria for evaluation of Non- Executive Directors.

The Key objective of the Board evaluation is to achieve persistent and consistent improvement in the governance of the Company at the Board level with the participation of all concerned in an environment of harmony. The Board acknowledges its intention to establish and follow "best practices" in Board governance in order to fulfill its fiduciary obligation to the Company. The Board believes the evaluation will lead to a closer working relationship among the Board members, greater efficiency in the use of the Board's time, and increased effectiveness of the Board as a governing body.

#### **E. Meetings and attendance during the year:**

During the financial year ended 30<sup>th</sup> June 2021, the Nomination and Remuneration Committee met 2 (Two) times on 18<sup>th</sup> October 2020 and 23<sup>rd</sup> May 2021 respectively. The composition of the Nomination and Remuneration Committee and number of meetings attended by the Members during the year are given below:

<b>Name</b>	<b>Position</b>	<b>Number of meeting Held</b>	<b>No. of meeting attended</b>
Mr. Sampad Kumar Basak FCA	Chairman	2	2
Mr. Mohammed Saiful Alam	Member	2	2
Mr. Abdus Samad	Member	2	2

#### **F. Activities during the Year:**

- i. Considered and recommended for appointment of Independent Director.
- ii. Reviewed criteria for selection, transfer or replacement and promotion at different levels.
- iii. Reviewed the human resources position and training policies of the company.
- iv. Reviewed the remuneration policy of the Board of Directors and top level executives.

  
**(Sampad Kumar Basak FCA)**  
Chairman  
Nomination and Remuneration Committee

## **S. ALAM COLD ROLLED STEELS LTD.**

### **DIVIDEND DISTRIBUTION POLICY**

#### **INTRODUCTION**

The Dividend Distribution Policy is formulated and adopted in compliance with the requirements of the Directive No. BSEC/CMRRCD/2021-386/03 dated 14 January, 2021 of the Bangladesh Securities and Exchange Commission (BSEC) regarding the dividend declaration, pay off, disbursement and compliance.

#### **OBJECTIVE**

The objective of this Policy is to lay down the criteria and parameters that are to be considered by the Board of Directors of the Company while deciding on the declaration of Dividend from time to time. This Policy is applicable to dividend declared/recommended on the equity shares of the Company.

#### **DEFINITIONS**

“The Act” means The Companies Act 1994

“The Company” means S. Alam Cold Rolled Steels Ltd.

“AGM” means Annual General Meeting

“Board” means Board of Directors of S. Alam Cold Rolled Steels Ltd.

“Shareholders” means Members whose name is registered in the Member Register of the Company.

“Shares” means Ordinary Equity Shares.

#### **CONCEPT OF DIVIDEND**

Dividend is the payment made by a Company to its shareholders, usually in the form of distribution of its profits. The profits earned by the Company can either be retained in business or used for acquisitions, expansion or diversification, or it can be distributed to the shareholders. The Company may choose to retain a part of its profits and distribute the balance among its shareholders as dividend.

#### **FORMS OF DIVIDENDS**

- **Final Dividend:** The final dividend is paid once for the financial year after the annual financial statements are prepared. The Board of Directors of the Company has the power to recommend the payment of final dividend to the shareholders for their approval at the Annual General Meeting of the Company. The declaration of final dividend shall be included in the ordinary business items that are required to be transacted at the Annual General Meeting.
- **Interim Dividend:** Interim dividend may be declared by the Board of Directors one or more times in a financial year as may be deemed fit by the Board. The Board of Directors of the Company would declare an interim dividend, as and when considered appropriate, in line with this Policy.

#### **DECLARATION OF DIVIDEND**

Dividend shall be declared or paid only out of –

- 1) Current financial year’s profit:
  - a. after providing for depreciation in accordance with law;
  - b. after transferring to reserves such amount as may be prescribed or as may be otherwise considered appropriate by the Board at its discretion and as per applicable law.
- 2) The profits for any previous financial year(s) after providing for depreciation in accordance with law and remaining undistributed;
- 3) Out of 1 & 2 both.

In case of inadequacy or absence of profits in any financial year, the Company may also declare/ pay Dividend out of the accumulated profits earned by it in previous years and transferred by the Company to the reserves, provided such declaration/ payment of dividend shall be made only in accordance with the provisions of the Act.

#### **FINANCIAL PARAMETERS CONSIDERED WHILE DECLARING DIVIDEND**

The financial parameters that may be considered before declaring dividend are profitability, cash flow and future growth and profitability outlook of the company.

## **CIRCUMSTANCES UNDER WHICH SHAREHOLDERS MAY NOT EXPECT DIVIDEND**

- a. Due to losses incurred by the Company and the Board considers it appropriate not to declare dividend for any particular year;
- b. Due to operation of any other law in force;
- c. Uncertainty of the earnings/ financial results of the Company; and
- d. The availability of opportunities for reinvestments of surplus funds;
- e. Any other corporate action resulting in cash outflow

## **FACTORS AFFECTING DIVIDEND DECLARATION**

### **a) External Factors to be considered while recommending/ declaring dividend**

- Any significant changes in macro-economic environment affecting Bangladesh or the geographies in which the Company operates, or the business of the Company or of its clients;
- Any political, tax and regulatory changes in the geographies in which the Company operates;
- Any significant change in the business or technological environment resulting in the Company making significant investments to effect the necessary changes to its business model;
- Any changes in the competitive environment requiring significant investment.

### **b) Internal Factors to be considered while recommending/ declaring dividend**

Apart from the various external factors, the Board will take into account various internal factors including the financial parameters while declaring dividend, which inter alia will include:

- Expected cash requirements of the Company including working capital, capital expenditure
- Quarterly and Annual financial results
- Investments including Mergers and Acquisitions (M&A)
- Expansion and Modernization
- Free cash flow generation
- Funds required to service any outstanding loans
- Research and development;

### **c) Retained Earnings**

Retained earnings would be used to further the company's business priorities. If there are excess reserves beyond the medium to long term business requirements, the retained earnings would be distributed to shareholders via Dividends or other means as permitted by applicable regulations.

## **PARAMETERS FOR VARIOUS CLASSES OF SHARES**

Currently, the Company does not have different classes of shares. If the Company has more than one class of shares in future, dividend for each class would be subject to prescribed statutory guidelines as well as terms of offer of each class to the investors of that class of shares.

## **PUBLICATION OF POLICY**

This Dividend Distribution Policy shall be disclosed in the Annual Report of the Company and on the Company's website [www.s.alamgroupbd.com](http://www.s.alamgroupbd.com). If the Company proposes to declare dividend on the basis of any additional parameters apart from those mentioned in the Policy or proposes to change the parameters contained in this Policy, it shall disclose such changes along with the rationale for the same in the Annual Report and on the website.

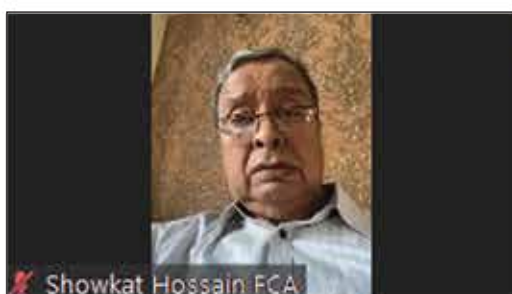
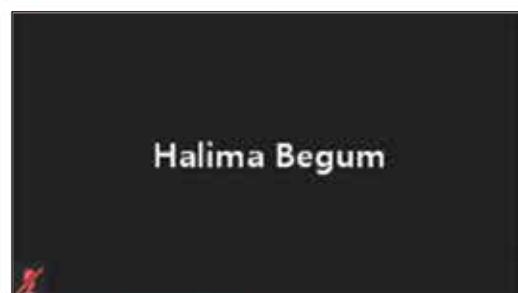
## **EFFECTIVE DATE**

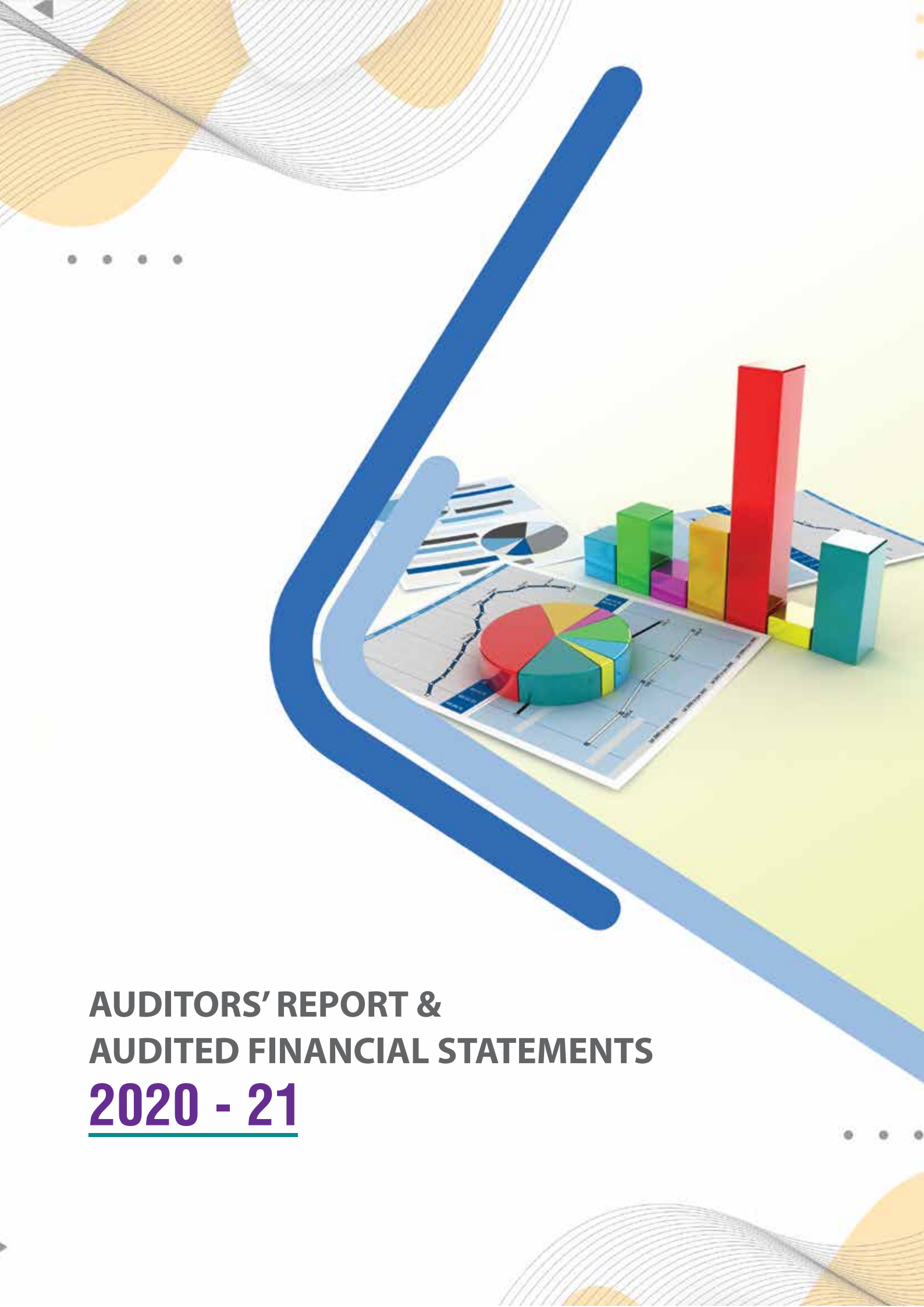
This Policy has been approved by the Board of Directors of the Company at its meeting held on 01 April, 2021 and shall be effective and applicable for dividend, if any, declared for the Financial Year 2020-21 onwards.

## **REVIEW & AMENDMENT**

This Policy may be reviewed and amended periodically as and when required by the Board to ensure that it meets the objectives of the relevant legislation and needs of the Company and remains effective. The Board has the right to change/ amend the policy as may be expedient taking into account the law for the time being in force.

► **Glimpse** of *20th*  
Annual General Meeting





**AUDITORS' REPORT &  
AUDITED FINANCIAL STATEMENTS**  
**2020 - 21**

**INDEPENDENT AUDITORS' REPORT  
TO THE SHAREHOLDERS OF  
S. ALAM COLD ROLLED STEELS LIMITED  
REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS**

**Opinion**

We have audited the accompanying consolidated financial statements of **S. ALAM COLD ROLLED STEELS LIMITED** and its subsidiaries (the "Group"), which comprise the consolidated Statement of Financial Position as at 30 June 2021, and the consolidated Statement of Profit or Loss and Other Comprehensive Income, consolidated Statement of Changes in Equity and consolidated Statement of Cash Flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion and to the best of our information and according to explanations given to us, the accompanying consolidated financial statements, prepared in accordance with International Financial Reporting Standards (IFRSs), give a true and fair view of the consolidated financial position of the Group as at 30 June 2021 and of its consolidated financial performance and consolidated cash flows for the period from 1 July 2020 to 30 June 2021 and comply with the Companies Act 1994 (amendment in 2020), the Securities and Exchange Rules, 1987 and other applicable laws and regulations.

**Basis of opinion**

We conducted our audit in accordance with International Standard on Auditing (ISAs). Our responsibilities under those standards are further described in the "**Auditors' responsibilities for the audit of the consolidated financial statements**" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code and the Institute of Chartered Accountants of Bangladesh (ICAB) By Laws. We believe that the audit evidence we have obtained are sufficient and appropriate to provide a basis for our audit opinion.

**Emphasis of Matter**

We draw attention to Note 5.01 of the consolidated financial statements, which describes why the Group had stopped producing electricity and reason for capitalization of borrowing cost. Our opinion is not modified in respect of this matter.

**Key Audit Matter**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Sl.	Key audit matter	How the matter was addressed in our audit matter
1	<p><b>Revenue</b> (Refer to note 22)</p> <p>Revenue of TK. 5,348,227,239 is recognized in the income statement of S. ALAM COLD ROLLED STEELS LIMITED for the year ended 30 June 2021. We identified revenue recognition as a key audit matter because revenue is one of the key performance indicators of the Company and therefore there is an inherent risk of manipulation of the timing of recognition of revenue by management to meet specific targets or expectations.</p> <p>As described in the accounting policy 3.04 to the consolidated financial statements, the Company recognizes revenue upon transfer of control as per IFRS 15 – Revenue from Contract with Customers.</p>	<p>In light of the fact that the high degree of complexity we assessed the Company's processes and controls for recognizing revenue as part of our audit. Furthermore, in order to mitigate the inherent risk in this area, our audit approach included testing of the controls and the substantive audit procedure, including: -</p> <ul style="list-style-type: none"> <li>➤ We evaluated the Company's accounting policies pertaining to revenue recognition and assessed compliance with the policies in terms of IFRS 15 – Revenue from Contracts with Customers.</li> <li>➤ We identified and tested controls related to revenue recognition and our audit procedure focused on assessing the invoicing and measurement systems up to entries in the general ledger. Examining customer's invoices and receipts of payment on a sample basis.</li> </ul>



Sl.	Key audit matter	How the matter was addressed in our audit matter
		<ul style="list-style-type: none"> <li>➤ We conducted substantive testing of revenue recorded over the year using sampling techniques, by examining the relevant supporting documents including sales invoices and challans. In addition, we confirmed certain customers' receivable balances at the reporting date, selected on a sample basis by considering the amounts outstanding with those customers.</li> <li>➤ Furthermore, we tested the sales transactions recognized shortly before and after the reporting date, including the sales returns recorded after that date, to examine whether sales transactions were recorded in the correct recording periods.</li> </ul>
2	<p><b>Inventories</b> (Refer to note 07)</p> <p>Inventories represent about 43.45%, of the total assets of the Company; inventories are thus a material item to the consolidated financial statements. Please refer to note 06 to the consolidated financial statements.</p> <p>As described in the accounting policy note 3.03 to the consolidated financial statements, inventories are valued at the lower of the cost or net realizable values. As such, management is required to make judgments in determining whether inventories are being appropriately valued, and also need to make provision for aged inventories, if required.</p> <p>Due to the value and volume of inventories being held by the Company at the reporting date and complexities involved in the accounting and presentation thereof, inventories has been considered as a key audit matter.</p>	<ul style="list-style-type: none"> <li>➤ Tested the operating effectiveness of key controls over inventories; including observing the process of management's year-end inventory count.</li> <li>➤ Verified a sample of inventory items to ensure that costs have been appropriately recorded.</li> <li>➤ Tested on a sample basis the net realizable value by comparing costs to recent selling prices and assessing the reasonableness of any, resulting in write down of inventory items.</li> <li>➤ Assessed whether appropriate provision have been recognized for aged, damaged, slow-moving or obsolete inventories by reviewing the age of inventories held and evaluating management's basis for determining the usability of inventories.</li> <li>➤ Performed cut-off tests to determine that the purchase and sales of the inventories have been considered in correct accounting period.</li> <li>➤ Reviewed the historical accuracy of inventory provision and the level of write downs.</li> </ul>
3	<p><b>Property, Plant and Equipment</b> (Refer to note 5)</p> <ul style="list-style-type: none"> <li>➤ The Company has a large number of Property, Plant and Equipment items. In view of availability of latest machinery due to modern technology, the obsolescence &amp; impairment may be noticed in existing machineries.</li> <li>➤ Management has concluded that there is no impairment in respect of all assets. This conclusion required significant management judgment. Hence we considered this to be a key audit matter.</li> </ul>	<p>Our audit procedure in this area included, among others;</p> <ul style="list-style-type: none"> <li>➤ Assessing the consistency of methodologies used for depreciating the assets;</li> <li>➤ Checking on a sample basis, the accuracy and relevance of the accounting of PPE by management; and</li> <li>➤ For selected samples, performing physical observation to assess management's determination on whether the equipment is obsolete, and testing the assumptions used in estimating recoverable amount, such as estimated useful life and replacement cost.</li> </ul> <p>Examine management's periodic review of Property, Plant and Equipment for determination of impairment and obsolescence.</p>

SI.	Key audit matter	How the matter was addressed in our audit matter
4	<p><b>Measurement of Deferred Tax</b> (Refer to note 19.02)</p> <p>The Company recognizes deferred taxes relating to property, plant and equipment, investment in associates and employee benefits (Gratuity), which are very complex in nature.</p> <p>As such accounting for deferred taxes involves management judgment in developing estimates of tax exposures and contingencies in order to assess the adequacy of tax provision. Hence, we considered this to be a key audit matter.</p>	<p>Our audit procedures in this area included, among others.</p> <ul style="list-style-type: none"> <li>➤ Assessing the design, implementation and operating effectiveness of key controls in respect of the Company and the process of recognition of deferred taxes.</li> <li>➤ Using our own tax specialists to evaluate the tax bases and Company tax strategy.</li> <li>➤ Assessing the accuracy and completeness of deferred tax, and</li> <li>➤ Evaluating the adequacy of the consolidated financial statements' disclosures, including disclosures of assumptions, judgments and sensitivities. We involved tax specialists to assess key assumptions, control recognition and measurement of deferred tax liabilities (Assets).</li> </ul>
5	<p><b>Trade Receivables</b> (Refer to note 08)</p> <ul style="list-style-type: none"> <li>➤ Trade receivables is a key audit matter in the audit due to quantum of the trade receivable balance, realization nature of long outstanding invoices and management judgment at the time of impairment test.</li> </ul>	<p>Our audit procedures in this area included among others:</p> <ul style="list-style-type: none"> <li>➤ Obtained trade receivable balance confirmation;</li> <li>➤ Analyzed the aging of trade receivable;</li> <li>➤ Obtained a list of long outstanding receivable and assessed the recoverability of these through inquiry with management and by obtaining sufficient corroborative evidence to support the conclusion.</li> <li>➤ Reviewed subsequent status of receivables.</li> </ul>

### Other Matter

The consolidated financial statements of S. ALAM COLD ROLLED STEELS LIMITED for the year ended 30 June 2020, were audited by Rahman Mostafa Alam & Co. who expressed an unmodified opinion on those statements on 21 October 2020.

### Reporting on other information

Other information consists of the information included in the Annual Report other than the consolidated financial statements and our audit report thereon. We obtained the Director's Report, Management Discussion and Analysis, Financial information, and Corporate Governance report prior to the date of our auditor's report, and we expect to obtain the remaining reports of the Annual Report after the date of our auditor's report. Management is responsible for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Based on the work we have performed; we conclude that we have nothing to report in this regard.

### Responsibilities of Management and Those Charged with Governance for the Consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with

International Financial Reporting Standards (IFRSs), the Companies Act 1994 (amendment in 2020), the Securities and Exchange Rules, 1987 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

### **Auditors' responsibilities for the audit of the Consolidated financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- (a) identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- (c) evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (d) conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- (e) evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide with those charged with governance a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them, all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

We determine those matters, from the matters communicated with those charged with governance, which were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on other legal and regulatory requirements

In accordance with the Companies Act 1994 (amendment in 2020) and the Securities and Exchange Rules, 1987, we also report the following:

- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- ii) in our opinion, proper books of account as required by law have been kept by the Group so far as it appeared from our examination of these books and;
- iii) the statement of financial position and statement of Profit or Loss and Other comprehensive income dealt with by the report are in agreement with the books of account and returns.
- iv) the expenditure incurred was for the purposes of the Group 's business.

Chattogram, 04 Nov., 2021

For and on behalf of

**Hoda Vasi Chowdhury & Co.**  
**Chartered Accountants**

  
**Showkat Hossain, FCA**

Senior Partner

Enrollment No.: 0137

DVC: 2111040137AS868497

**S. ALAM COLD ROLLED STEELS LIMITED**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2021**

	Note(s)	30 June 2021 Taka	30 June 2020 Taka
<b>ASSETS &amp; PROPERTIES</b>			
<b>NON CURRENT ASSETS &amp; PROPERTIES</b>			
Property, Plant and Equipment	5.00	4,19,86,16,199	4,28,64,54,939
Right of use asset	6.00	1,45,315	-
<b>CURRENT ASSETS</b>			
Inventories	7.00	7,87,00,58,570	7,33,22,15,710
Trade Receivables	8.00	3,94,25,11,372	3,62,65,17,806
Advances, Deposits and Prepayments	9.00	1,80,12,63,780	2,28,29,07,526
Short Term Investment	10.00	5,93,89,390	4,11,94,898
Cash and Cash Equivalents	11.00	24,15,06,232	40,26,96,068
<b>TOTAL ASSETS &amp; PROPERTIES</b>		<b>18,11,34,90,858</b>	<b>17,97,19,86,947</b>
<b>SHAREHOLDERS' EQUITY &amp; LIABILITIES</b>			
<b>SHAREHOLDERS' EQUITY</b>			
Share Capital	12.00	98,37,11,000	98,37,11,000
Share Premium	12.03	43,39,30,746	43,39,30,746
Retained Earnings	12.04	44,05,63,050	45,20,99,701
<b>Non Controlling Interest</b>	12.05	<b>11,88,03,458</b>	<b>12,30,92,146</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred Tax Liabilities	19.02	27,42,58,955	31,61,46,697
<b>CURRENT LIABILITIES</b>			
Trade Creditors	13.00	1,88,47,06,937	4,40,78,96,472
Lease Liabilities for current portion	6.02	1,58,574	-
Short Term Liabilities	14.00	13,47,87,93,676	10,50,96,98,460
Liabilities for Expenses	15.00	2,25,65,424	2,30,98,170
Advance against Sales	16.00	8,13,873	17,51,913
Due to Affiliated Companies	17.00	-	37,21,86,950
Liability against Unclaimed Dividend	18.00	3,70,29,085	3,58,86,679
Provision for Income Tax	19.01	32,19,94,184	19,02,59,332
Provision for Workers' Profit Participation & Welfare Fund	20.00	11,58,61,606	12,16,10,982
Other Liabilities	21.00	3,00,290	6,17,699
<b>TOTAL SHAREHOLDERS' EQUITY &amp; LIABILITIES</b>		<b>18,11,34,90,858</b>	<b>17,97,19,86,947</b>
<b>Net Asset Value Per Share</b>	29.00	<b>18.89</b>	<b>19.01</b>

These financial statements should be read in conjunction with the annexed notes 1 to 52  
and were approved by the Board of Directors on 03.11.2021  
and were signed on its behalf by:

  
**COMPANY SECRETARY**


  
**DIRECTOR**

  
**MANAGING DIRECTOR**

Signed in terms of our separate report of even date annexed

Chattogram, 04 Nov, 2021

For and on behalf of  
**Hoda Vasi Chowdhury & Co.**  
**Chartered Accountants**

  
**Showkat Hossain, FCA**  
Senior Partner  
Enrollment No.: 0137  
DVC : 2111040137AS868497

**S. ALAM COLD ROLLED STEELS LIMITED**  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2021**

	Note(s)	30 June 2021 Taka	30 June 2020 Taka
<b>Revenue</b>	22.00	5,34,82,27,239	4,08,50,01,047
Cost of Sales	23.00	(4,60,29,84,406)	(3,45,49,27,864)
<b>Gross Profit</b>		<b>74,52,42,833</b>	<b>63,00,73,183</b>
<b>Operating Expenses</b>			
Selling and Distribution Expenses	24.00	(3,36,545)	(21,63,962)
Administrative Expenses	25.00	(5,68,18,458)	(4,81,90,894)
		(5,71,55,003)	(5,03,54,856)
<b>Operating Profit</b>		<b>68,80,87,830</b>	<b>57,97,18,327</b>
Finance Expenses	26.00	(50,89,46,641)	(45,91,96,791)
<b>Profit before Non- Operating Income</b>		<b>17,91,41,189</b>	<b>12,05,21,536</b>
Finance Income	27.00	64,71,987	75,15,015
<b>Net Profit before Tax and WPP and Welfare Fund</b>		<b>18,56,13,176</b>	<b>12,80,36,551</b>
Contribution to WPP and Welfare Fund	20.00	(99,95,440)	(67,53,328)
<b>Profit before Income Tax</b>		<b>17,56,17,736</b>	<b>12,12,83,223</b>
Income Tax Expenses:			
Current Tax:			
Current Expenses	19.01	(13,51,89,744)	(3,44,33,691)
Deferred Tax Benefit	19.02	4,18,87,742	26,45,287
Prior year Tax		(9,33,02,002)	(6,97,51,104)
<b>Net Profit after Tax for the Year</b>		<b>8,23,15,734</b>	<b>5,15,32,119</b>
<b>Net Profit after Tax Attributable to</b>			
Shareholders of the Company		<b>8,66,04,422</b>	<b>5,36,41,121</b>
Non-controlling interest		<b>(42,88,688)</b>	<b>(21,09,002)</b>
		<b>8,23,15,734</b>	<b>5,15,32,119</b>
<b>Basic Earnings Per Share</b>	28	<b>0.88</b>	<b>0.55</b>

These financial statements should be read in conjunction with the annexed notes 1 to 52  
and were approved by the Board of Directors on 03.11.2021  
and were signed on its behalf by:

  
**COMPANY SECRETARY**

  
**DIRECTOR**

  
**MANAGING DIRECTOR**

Signed in terms of our separate report of even date annexed

Chattogram, 04 Nov, 2021

For and on behalf of  
**Hoda Vasi Chowdhury & Co.**  
**Chartered Accountants**

  
**Showkat Hossain, FCA**  
Senior Partner  
Enrollment No.: 0137  
DVC : 2111040137AS868497

**S.ALAM COLD ROLLED STEELS LIMITED**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2021**

Particulars	Share Capital	Share Premium	Retained Earnings	Total	Non-Controlling Interest	Total
	Taka	Taka	Taka	Taka	Taka	Taka
<b>Balance as on 01 July 2020</b>	98,37,11,000	43,39,30,746	45,20,99,701	1,86,97,41,447	12,30,92,146	1,99,28,33,593
Cash dividend paid for the year 2019-2020	-	-	(9,83,71,100)	(9,83,71,100)	-	(9,83,71,100)
Net Profit after tax for the year 2020-2021	-	-	8,66,04,422	8,66,04,422	(42,88,688)	8,23,15,734
Adjustment for adoption of IFRS 16-Lease	-	-	2,30,027	-	-	2,30,027
<b>Balance as on 30 June 2021</b>	<b>98,37,11,000</b>	<b>43,39,30,746</b>	<b>44,05,63,050</b>	<b>1,85,79,74,769</b>	<b>11,88,03,458</b>	<b>1,97,70,08,254</b>
<b>Balance as on 01 July 2019</b>	98,37,11,000	43,39,30,746	49,68,29,680	1,91,44,71,426	12,52,01,148	2,03,96,72,574
Cash dividend Paid for the year 2018 - 2019	-	-	(9,83,71,100)	(9,83,71,100)	-	(9,83,71,100)
Net Profit after tax for the year 2019-2020	-	-	5,36,41,121	5,36,41,121	(21,09,002)	5,15,32,119
<b>Balance as on 30 June 2020</b>	<b>98,37,11,000</b>	<b>43,39,30,746</b>	<b>45,20,99,701</b>	<b>1,86,97,41,447</b>	<b>12,30,92,146</b>	<b>1,99,28,33,593</b>
<b>Note(s)</b>	<b>12.00</b>	<b>12.03</b>	<b>12.04</b>		<b>12.05</b>	

These financial statements should be read in conjunction with the annexed notes 1 to 52 and were approved by the Board of Directors on 03.11.2021 and were signed on its behalf by:

  
**COMPANY SECRETARY**

  
**DIRECTOR**

  
**MANAGING DIRECTOR**

**S.ALAM COLD ROLLED STEELS LIMITED**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

	Note(s)	30 June 2021 Taka	30 June 2020 Taka
<b>Cash flows from operating activities</b>			
Cash Received from Customers	33.01	5,03,12,95,633	4,66,10,83,440
Cash Paid to Suppliers	33.02	(6,87,19,49,188)	(3,48,60,94,918)
Cash Paid to Employees	33.03	(13,96,85,343)	(14,37,87,219)
Cash Paid for Operating Expenses	33.04	(28,92,370)	(40,30,678)
Payment of Advance Income Tax	33.05	(13,86,97,636)	(20,44,41,783)
Payment for WPP & WF	33.06	(1,80,37,458)	(1,31,58,297)
Advance tax refund	33.07	-	9,40,36,630
<b>Net Cash Inflow/(Outflow) from Operating Activities (A)</b>	31.00	<b>(2,13,99,66,362)</b>	<b>90,36,07,175</b>
<b>Cash Flows from Investing Activities</b>			
Acquisition of Property, Plant And Equipment	33.08	(25,50,473)	(2,50,91,022)
Investment in Fixed Deposit Receipt	33.09	(1,81,94,492)	(22,72,079)
Interest Received from Fixed Deposit Receipt	33.10	64,71,987	75,15,015
<b>Net Cash Inflow/(Outflow) from Investing Activities (B)</b>		<b>(1,42,72,979)</b>	<b>(1,98,48,086)</b>
<b>Cash flows from financing activities</b>			
Proceeds from / (Repayment of) Long Term Loan	33.11	-	(1,43,38,20,676)
Proceeds / (Repayment of) from Short Term Loan	33.12	2,96,90,95,215	1,35,46,20,332
Proceeds from / (Repayment to) Affiliated Companies	33.13	(37,21,86,950)	3,10,94,903
Dividend Paid	33.14	(9,72,28,694)	(9,72,93,444)
Cash Paid for Financial Expenses	33.15	(50,66,30,066)	(44,91,73,588)
<b>Net Cash Inflow/(Outflow) from Financing Activities (C)</b>		<b>1,99,30,49,505</b>	<b>(59,45,72,473)</b>
<b>Net Increase/(Decrease) of Cash And Cash Equivalents for the Year (A+B+C)</b>		(16,11,89,836)	28,91,86,616
Cash and Cash Equivalents at the Beginning of the Year		40,26,96,068	11,35,09,452
<b>Cash and Cash Equivalents at the End of the Year</b>	11.00	<b>24,15,06,232</b>	<b>40,26,96,068</b>
<b>Net Operating Cash Flow Per Share</b>	30	(21.75)	9.19

These financial statements should be read in conjunction with the annexed notes 1 to 52  
and were approved by the Board of Directors on 03.11.2021  
and were signed on its behalf by:

  
**COMPANY SECRETARY**

  
**DIRECTOR**

  
**MANAGING DIRECTOR**



**S. ALAM COLD ROLLED STEELS LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**AS AT AND FOR THE YEAR ENDED 30 JUNE 2021**

**01.00 BACKGROUND AND INFORMATION**

**01.01 Formation and Legal Status**

S. Alam Cold Rolled Steels Limited is a public company limited by shares is domiciled in Bangladesh. The address of the company's registered office is S. Alam Bhaban, 2119 Asadgonj, Chattogram, Bangladesh. The Company was formed and incorporated with the Registrar of Joint Stock Companies and Firms in Bangladesh on December 12, 2000 vide the certificate C-No 3842 of 2000 under Companies Act (Act XVIII) of 1994 as a public company limited by share. The company's share were listed with Dhaka Stock Exchange and Chittagong Stock Exchange. Trading of the shares of the company started in two stock exchanges from 16 May 2006.

**01.02 Nature of the business**

The main activity of the company is to manufacture and sell high quality Cold Rolled Steel Strips (CR Strips) in the form of coils and sheets, CI sheets and GP sheets. The company has set up its factory on 12.02 acres of land at Kalarpool, Shikalbaha, Patiya, Chattogram, Bangladesh.

The company commenced commercial production of CR Strips plant from 16 February 2004 with an approved annual capacity of 120,000 MT and NOF Plant of GP and CI Sheets from 11 July 2013 with an annual capacity of 72,000 M Tons.

**01.03 Description of subsidiary**

S. Alam Power Generation Limited

S. Alam Cold Rolled Steels Limited has acquired 70% equity interest in S. Alam Power Generation Limited. i.e. 2,773,570 Ordinary Shares of Tk. 100 each at a cost of Tk. 277,357,000.

S. Alam Power Generation Limited, Chattogram is a private company limited by shares incorporated on 09 April 2009 Vide Registration No. CH-6951(297) of 2009 under the Companies Act (Act XVIII) of 1994 with the Registrar of Joint Stock Companies and Firms, Chattogram, Bangladesh. Its registered office is located at S.Alam Bhaban, 2119, Asadgonj, Chattogram, Bangladesh. The main objective of the company is to install and run power plant to produce and supply electricity.

Commercial operation was commenced on 28 August 2016 but could not continue due to high cost of production of electricity per unit.

**02.00 BASIS OF PREPARATION**

**02.01 Statement of compliance**

The financial statements have been prepared in accordance with the International Accounting Standards (IAS), International Financial Reporting Standards (IFRS) and applicable sections of Companies Act 1994 and the Securities and Exchange Rules 1987.

**02.02 Basis of Reporting**

The financial statements are prepared and presented to external users by the company in accordance with the identified financial reporting framework. The presentation has been made in compliance with the requirements of IAS 1- "Presentation of Financial Statements". The financial statements comprise of:

- i) Statement of financial position as at 30 June 2021.
- ii) Statement of profit or loss and other comprehensive income for the year ended 30 June 2021.
- iii) Statement of changes in equity for the year ended 30 June 2021.
- iv) Statement of cash flows for the year ended 30 June 2021.
- v) Notes, comprising a summary of significant accounting policies and explanatory information.

**02.03 Date of authorization**

The Board of Directors has authorized these financial statements on 03 November 2021.

**02.04 Regulatory compliance**

The company is required to comply with amongst others, the following laws and regulations:

- (i) The Companies Act 1994;
- (ii) The Securities and Exchange Ordinance 1969;
- (iii) The Securities and Exchange Rules 1987;
- (iv) The Income Tax Ordinance 1984;

- (v) The Income Tax Rules 1984;
- (vi) The Value Added Tax Act 2012;
- (vii) The Value Added Tax Rules 2012;
- (viii) The Listing Regulations of Dhaka Stock Exchange (DSE);
- (vii) The Listing Regulations of Chittagong Stock Exchange (CSE);
- (viii) Bangladesh Labour Act 2006 etc.

#### **2.05 Accounting convention and assumption**

These financial statements have been prepared on going concern basis under the historical cost convention method.

#### **2.06 Functional and presentation currency**

The financial statements are expressed in Bangladesh Taka which is both functional currency and reporting currency of the Company. The figures of financial statements have been rounded off to the nearest Taka.

#### **2.07 Statement of Cash flows**

Statement of Cash Flows is prepared principally in accordance with IAS 7 "Statement of Cash Flows" and the cash flow from the operating activities have been presented under direct method and reconciliation of net income or net profit with cash flows from operating activities making various adjustments as per prescribed by Securities and Exchange Rules, 1987. A reconciliation of Net Profit with cash flows from operating activities making adjustments for non-cash items, for non-operating items and for net changes in operating accruals as per requirement of Securities & Exchanges Rules 1987.

#### **2.08 Use of estimates and judgments**

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates and underlying assumptions, which are reviewed on an ongoing basis. Revision to accounting estimates is recognized in the period in which the estimates are revised and in any future periods affected.

#### **2.09 Comparative information**

Comparative information has been disclosed in respect of the year 2019-2020 for all numeric information in the Financial Statements and also the narrative and descriptive information where it is relevant for understanding of the current years Financial Statements.

##### **Re-arrangement**

Comparative figures have been rearranged wherever considered necessary to ensure better comparability with the current period without causing any impact on the profit and value of assets and liabilities as reported in the financial statements.

#### **2.10 Going concern**

The company has adequate resources to continue in operation for foreseeable future and hence, the financial statements have been prepared on going concern basis. As per management assessment there are no material uncertainties related to events or conditions which may have significant doubt upon the Company's ability to continue as a going concern.

#### **2.11 Reporting period**

The financial statements of the Company cover one financial year from 01 July 2020 to 30 June 2021 for all reported periods.

### **3.00 SIGNIFICANT ACCOUNTING POLICIES**

The financial statements have been prepared in compliance with requirement of International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) as applicable in Bangladesh. The following IAS and IFRS are applicable for the financial statements for the year under audit:

IAS-01	Presentation of Financial Statements
IAS-02	Inventories
IAS-07	Statement of Cash Flows
IAS-08	Accounting Policies, Changes in Accounting Estimates and Errors
IAS-10	Events after the Reporting Period
IAS-12	Income Taxes
IAS-16	Property, Plant and Equipment
IAS-19	Employee benefits
IAS-21	The effects of Changes in Foreign Exchange Rates
IAS-23	Borrowing Costs
IAS-24	Related Party Disclosures

IAS-26	Accounting and Reporting by Retirement Benefit Plans
IAS-32	Financial Instrument: Presentation
IAS-33	Earnings per share
IAS-36	Impairment of Assets
IAS-37	Provisions, Contingent Liabilities and Contingent Assets
IFRS-05	Non-current Assets Held for Sale and Discontinued Operations
IFRS-07	Financial Instrument: Disclosure
IFRS-15	Revenue from Contracts with Customers
IFRS-16	Lease

### **3.01 Basis of Consolidation**

#### **3.01.01 Subsidiary**

The subsidiary is the entity controlled by S. Alam Cold Rolled Steels Limited. Control exists S. Alam Cold Rolled Steels Limited has the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiary are included in the consolidated financial statements upon establishment of that control until the date that control ceases. The accounting policies of subsidiaries have been changed when it is necessary to align them with the policies adopted by S. Alam Cold Rolled Steels Limited.

#### **3.01.02 Non-controlling Interests**

The group measures non-controlling interests in the subsidiary at their proportionate share of the subsidiary's identifiable net assets which are generally at fair value adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary.

#### **3.01.03 Transactions eliminated on consolidation**

Intra - group balances and transactions, and any unrealized income and expenses arising from intra - group transactions, are eliminated in preparing the consolidated financial statements. Unrealized losses, if any, are eliminated in the same way as unrealized gains, but only to the extent there is no evidence of impairment.

### **3.02 Property, plant and equipment**

Items of property, plant and equipment are stated at cost less accumulated depreciation thereon.

#### **3.02.01 Recognition and measurement**

The cost of an item of property, plant and equipment comprises its purchase price, import duty and non-refundable taxes (after deducting trade discount and rebates) and any other cost directly attributable to the acquisition of the assets. The cost of self constructed/installed assets includes the cost of materials, direct labour and any other costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the intended manner and the cost of dismantling and removing the items and restoring the site on which they are located.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment and is recognized in profit or loss.

#### **3.02.02 Subsequent costs**

The cost of replacing or upgrading part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are expensed as incurred.

#### **3.02.03 Depreciation**

Items of property, plant and equipment are depreciated from the date they are available for use or in respect of self constructed assets, from the date that the asset is completed and ready for use. Significant parts of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is calculated on diminishing balance method over the estimated useful lives of each parts of property, plant and equipment. Depreciation is generally recognized in profit or loss unless the amount is included in the carrying amount of another assets. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the company will obtain ownership by the end of the lease term. Land and Land Development is not depreciated. Depreciation is charged on addition when the assets are available for use or ready for use or from date of acquisition. Incase of disposal of fixed asset, depreciation is charged up to date of disposal. The principal annual rates are as follows.

<b>Assets</b>	<b>Rates (%)</b>
Land and land development	Nil
Internal Road and Embankment	10% - 20%
Buildings	5% - 10%
Plant and Machinery	10%
Equipment and appliances	10%
Furniture and Fixtures	10%
Lifting Crane and Jetty Construction	15%
Coil Cart	10%
Motor Vehicle	20%
Interior Decoration	15%

Depreciation on following assets has been calculated on the basis of capacity utilization of capital machinery:

<b>Particulars</b>	<b>Capacity Utilization</b>	
	<b>CR Coil Plant</b>	<b>NOF Plant</b>
Factory Building (including Leased Assets)	76.25%	54.86%
Capital Machinery	76.25%	54.86%
Factory equipment	76.25%	54.86%
Generator	76.25%	54.86%
Work Roll	76.25%	54.86%
Luffing Crane and Jetty construction	76.25%	54.86%
Coil Cart	76.25%	54.86%

Depreciation methods, useful lives and residual values are reassessed at the reporting date and adjusted if appropriate.

### 3.03 Inventories

Inventories are measured at lower of cost and net realizable value. The cost of inventories is calculated based on the weighted average method and includes expenditure incurred in acquiring these inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition in accordance with IAS-2. In case of manufactured inventories and work-in-process, cost includes an appropriate share of production overheads based on normal operating capacity. Details of valuation methods are stated below:

<b>Category</b>	<b>Valuation</b>
Finished Goods	Finished Goods are valued at Cost or Net Realisable Value whichever is lower.
Work-in-Process	At Prime Cost + Proportionate Factory Overhead.
Raw Materials	Based on weighted average method.
Raw Materials (Inbond items)	At Book Value.
Store Items	Based on weighted average method.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and selling expenses.

Stock in transit represents the cost incurred up to the reporting date against the items that were not received at factory till that date.

### 3.04 Revenue Recognition

"Revenue has been recognized in accordance with the guideline of IFRS 15.

The core principle of IFRS 15 is that an entity will recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is delivered in a five-step model framework:

- Identify the contract(s) with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognize revenue when (or as) the entity satisfies a performance obligation.

The Company sells CR Coil, C.I Sheet and G.P Sheet to its customers. Revenue is recognized when the entity satisfies a performance obligation by transferring the goods to customers at an agreed transaction price."

### **3.05 Trade receivables**

Trade receivables are initially recognized at cost which is the fair value of the consideration given in return. After initial recognition, these are carried at cost less impairment losses, if any, due to un-collectability of any amount so recognized.

There is no fixed company policy regarding provision for impairment loss on debtors if, any receivables are not realized within the credit period.

### **3.06 Transactions with Affiliated companies**

These represents balance amounts due to/from affiliated companies which are derived from short term loan, short term financial arrangement availed from/paid to affiliated companies as and when required to meet working capital and sale of goods from time to time. These balances are unsecured but considered good and realizable.

### **3.07 Advances, deposits and prepayments**

Advances are initially measured at cost. After initial recognition, advances are carried at cost less deductions, adjustments or charges to other account heads such as property, plant and equipment, inventory or expenses.

Deposits are measured at payment value.

Prepayments are initially measured at cost. After initial recognition, prepayments are carried at cost less charges to profit or loss.

### **3.08 Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short term fixed deposits with banks.

### **3.09 Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### **Non-derivative financial assets**

The Company initially recognizes loans and receivables on the date that they are originated. All other financial assets are recognized initially on the date at which the company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial assets are transferred.

Non-derivative financial assets are classified into the following categories: financial assets at fair value through profit or loss, held to maturity financial assets, loans and receivables and available-for-sale financial assets.

#### **Financial assets at fair value through profit or loss**

A financial asset is classified as at fair value through profit or loss if it is classified as held for trading or is designated as such on initial recognition. Financial assets are designated as at fair value through profit or loss if the company manages such investment and makes purchase or sale decisions based on their fair value in accordance with the company's documented risk management or investment strategy. Attributable transactions costs are recognized in profit and loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein which take into account and dividend income are recognized in profit or loss.

#### **Held-to-maturity financial assets**

If the company has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held-to-maturity. Held-to-maturity financial assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortized cost using the effective interest method, less any impairment losses.

### **Loans and receivables**

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, loans and trade and other receivables.

#### **(a) Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand, cash at bank which are available for use by the company without any restriction.

#### **(b) Trade receivables**

Trade receivables represent the amounts due from customers for delivering goods or rendering services. Trade receivables are initially recognized at cost which is the fair value of the consideration given in return. After initial recognition these are carried at amortized cost less impairment losses due to un-collectability of any amount so recognized.

### **Available-for-sale financial assets**

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale and are not classified in any other categories of financial assets. Generally available-for-sale financial assets are recognized initially at fair value plus any directly attributable transaction costs and subsequent to initial recognition at fair value and changes therein other than impairment losses are recognized in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognized the gain or loss accumulated in equity is reclassified to profit or loss.

Available-for-sale financial assets comprise equity securities and debt securities.

### **Non-derivative financial liabilities**

The company initially recognizes financial liabilities on the date that are originated.

The company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

The company classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognized initially at fair value less directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, bank overdrafts and trade and other payables.

#### **(a) Share capital (ordinary shares)**

Ordinary shares are classified as equity.

#### **(b) Trade and other payables**

Trade and other payables represent the amounts due to customers for receiving goods or services. Trade and other payables are initially recognized at cost which is the fair value of the consideration. After initial recognition these are carried at amortized cost.

#### **(c) Other liabilities**

Other liabilities represents the amounts due to various parties for receiving services. These are initially recognized at cost which is the fair value. After initial recognition these are carried at amortized cost.

### **3.10 Borrowing Cost**

Interest and other costs incurred by the company in connection with the borrowing of funds are recognized as an expense in the period in which they are incurred unless such borrowing cost relates to acquisition / construction of assets in progress that are capitalized as per IAS-23 "Borrowing Costs".

### **3.11 Employee benefit schemes**

Currently, the company have gratuity and termination benefit scheme, but has a plan to create a provident fund in which both company and employees will contribute an equal amount.

### **3.12 Workers' profit participation fund**

Appropriate provision has been made for Workers' Profit Participation Fund and Workers' Welfare Fund as per provisions of law.

### **3.13 Provisions and contingencies**

A provision is recognized in the financial statements if, as a result of a past event, the company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefit will be required to settle the obligation.

Contingencies arising from claim, lawsuit, etc. are recorded when it is possible that a liability has been incurred and the amount can reasonably be measured.

### **3.14 Earnings Per Share (EPS)**

#### **Basic Earnings:**

This represents profit for the year attributable to ordinary shareholders. As there is no preference shares, non-controlling interest or extra ordinary items, the net profit after tax for the year has been considered fully attributable to the ordinary shareholders (refer to Note- 28.00 to the Consolidated Financial Statements).

#### **Diluted Earnings per share:**

No diluted earnings per share is required to be calculated for the year as there is no scope for dilution during the year under audit.

### **3.15 Finance income and finance costs**

Finance income comprises interest income on funds invested that are recognized in profit or loss.

Finance costs comprise interest expenses on borrowing that are recognized in profit or loss as and when incurred.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized using the effective interest method.

### **3.16 Foreign currency transactions**

Transactions in foreign currencies are translated to the functional currency (BDT) at exchange rates at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies at reporting date are re-translated into Bangladesh Taka at the exchange rates ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies, stated at historical cost, are translated into Bangladesh Taka at the exchange rate ruling at the date of transaction. Foreign exchange differences arising on retranslation are recognized in profit or loss.

### **3.17 Income tax expenses**

Tax expenses comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss to the extent it relates to items recognized directly in equity or in other comprehensive income.

#### **Current tax:**

The Company was allowed tax holiday for the period of five years from the month of commencement of commercial production i.e. 01 February 2004 vide National Board of Revenue's Order ref. 11(398) Anu – 1/2004/7364(2) dated 24.07.2004. The period of tax holiday of the Company expired on 31 January 2009. Current tax is the expected tax payable on the taxable income or loss for the year, using the tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous year.

#### **Deferred tax:**

Deferred tax is recognized in compliance with IAS 12: Income taxes, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amount used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the authority on the same taxable entity.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

### **3.18 Impairment**

#### **Non-derivative financial assets**

Financial assets are impaired if objective evidence indicates that a loss event has occurred after initial recognition of the assets and that the loss event had a negative effect on the estimated future cash flows of that assets that can be estimated reliably.

### **Non financial assets**

The carrying amounts of the company's property, plant and equipments are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the property, plant and equipment's recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses, if any, are recognized in the profit or loss.

#### **3.19 Right of use asset**

The Company has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17.

##### **Policy applicable from 1 July 2020**

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16. This policy is applied to contracts entered into, on or after 01 January 2019.

##### **As a lessee**

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

##### **Lease payments included in the measurement of the lease liability comprise the following:**

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

##### **Short-term leases and leases of low-value assets**

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.



### Policy applicable before 1 July 2019

All the lease transactions have been classified based on the extent to which risks and rewards incidental to ownership of the assets lie with the lessor or lessee. According to this classification, all the Company's lease transactions have been identified as operating lease as per IAS 17: Leases based on the substance of the transactions, not merely on the legal form.

### 3.20 Segment reporting

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, head office expenses and tax assets and liabilities.

### 3.21 Events after the reporting period

Events after the reporting period that provide additional information about the company's position at the date of statement of financial position or those that indicate the going concern assumption is not appropriate are reflected in the financial statements. Events after reporting period that are not adjusting events are disclosed in the notes when material.

### 4.00 New Standards and interpretations

All new standards and interpretations adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) during the period beginning on or after 01 July 2019, which have significant effect on the financial statements of the company are duly complied with.

	30 June 2021 Taka	30 June 2020 Taka
<b>05.00 Property, Plant And Equipment</b>		
<b>A. Cost</b>		
Opening Balance	5,58,12,43,596	5,55,61,52,574
Addition during the year	25,50,473	2,50,91,022
	<u>5,58,37,94,069</u>	<u>5,58,12,43,596</u>
Deletion during the year	-	-
<b>Total Cost</b>	<u><b>5,58,37,94,069</b></u>	<u><b>5,58,12,43,596</b></u>
<b>B. Accumulated Depreciation</b>		
Opening Balance	1,29,47,88,656	1,21,98,63,625
Charged during the year	9,03,89,214	7,49,25,032
	<u><b>1,38,51,77,870</b></u>	<u><b>1,29,47,88,657</b></u>
Adjustments during the year	-	-
<b>Total Depreciation</b>	<u><b>1,38,51,77,870</b></u>	<u><b>1,29,47,88,657</b></u>
<b>Written Down Value (WDV) as on 30 June (A-B)</b>	<u><b>4,19,86,16,199</b></u>	<u><b>4,28,64,54,939</b></u>

Detail of Property, Plant & Equipment and Depreciation as on 30 June 2021 are shown in the notes 5.2.

**5.01** S Alam Power Generation Ltd, a subsidiary of the company commenced commercial operation of 17 MW Captive Power Plant in August 2016 with natural gas. But immediately after commencement of commercial operation the price of Natural gas was increased by the government. The management observed that producing electricity by using high cost natural gas will not be feasible as entire output will not be required by S.Alam Cold Rolled Steels Limited alone, hence decided not to produce any power. The borrowing cost of the Plant & Machineries were capitalized in accordance with clause 20 to 23 of IAS 23 - Borrowing cost.

The management at present considering the option to re-start the production with costly fuel in order to meet the power requirement of S.Alam Cold Rolled Steels Limited and another heavy industry being erected nearby and expects that both the industry shall be able to utilize full production of S.Alam Power Generation Ltd.



	30 June 2021 Taka	30 June 2020 Taka
<b>6.00 Right of use assets</b>		
<b>A. Cost</b>		
<b>Opening Balance</b>	-	-
Adjustment for adoption of IFRS 16	5,32,823	-
Adjusted opening balance	5,32,823	-
Less: Deletion during the year	-	-
<b>Closing Balance</b>	<b>5,32,823</b>	-
<b>B. Accumulated Depreciation</b>		
<b>Opening Balance</b>	-	-
Prior year Adjustment	1,93,754	-
<b>Adjusted Opening Balance</b>	1,93,754	-
Add: Depreciation for the year	1,93,754	-
	<b>3,87,508</b>	-
Less : Adjustments during the year	-	-
<b>Closing Balance</b>	<b>3,87,508</b>	-
<b>Written Down Value (WDV) [A-B]</b>	<b>1,45,315</b>	-
<b>The Make-up Cost</b>	<b>5,32,823</b>	-
Additions	-	-
Disposals/transfers	-	-
<b>Balance at 30 June 2021</b>	<b>5,32,823</b>	-
<b>6.01 Accumulated depreciation/ Amortization</b>		
Balance at 01 July 2020	-	-
Prior year Adjustment	1,93,754	-
Restated Balance at 01 July 2020	1,93,754	-
Depreciation/Amortization for the period	1,93,754	-
Adjustment for disposals/transfers	-	-
	<b>3,87,508</b>	-
<b>Balance as on 30 June 2021</b>	<b>1,45,315</b>	-
<b>6.02 Lease Liabilities</b>		
<b>Opening Balance</b>	-	-
Adjustment for Adoption of IFRS-16	5,32,823	-
Adjusted Opening Balance	5,32,823	-
Adjustment for Interest Expenses- Adoption of IFRS-16	40,700	-
Add/(less):Prior year adjustment for adoption of IFRS-16	(2,19,441)	-
<b>Adjusted Opening Balance as on 01 July 2020</b>	3,54,082	-
Add:Addition during the year (Interest)	23,933	-
	<b>3,78,015</b>	-
Less:Paid/Adjusted during the year	(2,19,441)	-
<b>Closing Balance</b>	<b>1,58,574</b>	-
Non-current portion		
Current portion		
<b>Closing Balance as on 30 June 2021</b>	<b>1,58,574</b>	-

	Note(s)	30 June 2021 Taka	30 June 2020 Taka
<b>7.00 Inventories</b>			
Raw Materials	7.01	2,97,53,33,891	3,74,04,91,498
Raw Materials-in-Bond items		64,33,38,680	1,46,26,55,238
Work-in-Process	7.02	78,42,68,640	79,12,64,821
Finished Goods	7.03	1,03,41,22,597	76,30,11,878
Stores and Spares		27,24,96,840	25,65,18,355
Stock-in-transit		2,14,43,52,418	30,21,28,416
Lubricant Oil		15,38,240	15,38,240
HFO		1,37,02,500	1,37,02,500
LFO		9,04,764	9,04,764
		<b>7,87,00,58,570</b>	<b>7,33,22,15,710</b>

7.01 Raw materials - note 7	30 June 2021		30 June 2020	
	Qty. (MT)	Taka	Qty. (MT)	Taka
H.R Coil	12,416.26	62,41,25,528	30,061.02	1,46,72,98,217
Hydrochloric Acid	4,657.01	2,76,47,615	5,271.99	3,21,91,734
TIN Ingot	36.05	7,45,86,824	32.85	6,77,15,730
ZINC Ingot	8,012.37	2,11,17,68,050	7,401.28	2,03,95,98,675
LEAD Ingot	527.84	11,73,11,800	532.94	11,84,44,820
ZINC Alloy	25.83	68,33,013	17.85	45,51,189
Antimony Ingot	2.70	22,49,496	-	-
Chromic Acid	36.50	1,08,11,565	33.30	1,06,91,133
		<b>2,97,53,33,891</b>		<b>3,74,04,91,498</b>

	30 June 2021 Taka	30 June 2020 Taka
<b>7.02 Work-in-Process</b>		
CR Coil	37,45,69,840	30,67,35,856
NOF	40,96,98,800	48,45,28,965
	<b>78,42,68,640</b>	<b>79,12,64,821</b>
<b>7.03 Finished Goods</b>		
CR Coil	44,56,60,984	34,32,97,701
C.I & GP Sheet	58,84,61,613	41,97,14,177
	<b>1,03,41,22,597</b>	<b>76,30,11,878</b>
<b>8.00 Trade Receivable</b>		
Against CR Coil	1,89,02,57,481	1,72,01,10,983
Against C.I and G.P Sheet	3,92,11,903	8,63,22,091
Others	2,01,30,41,988	1,82,00,84,732
	<b>3,94,25,11,372</b>	<b>3,62,65,17,806</b>
<b>8.01 Against CR Coil- note 8</b>		
Chemon Ispat Limited	1,46,58,66,325	1,33,16,92,980
S. Alam Steels Limited	42,43,91,156	38,17,18,776
Galco Steels (Bangladesh) Ltd.	-	66,99,227
	<b>1,89,02,57,481</b>	<b>1,72,01,10,983</b>

The directors believe that above receivables are good and fully realisable. Hence, no provision is required at this stage.

	Note(s)	30 June 2021 Taka	30 June 2020 Taka
<b>9.00 Advances, Deposits and Prepayments</b>			
Advances	9.01	1,70,01,72,960	2,24,43,79,505
Deposits	9.02	1,62,75,693	1,62,75,693
Prepayments	9.03	8,48,15,127	2,22,52,328
		<b>1,80,12,63,780</b>	<b>2,28,29,07,526</b>
<b>9.01 Advances - note 9</b>			
Against Supply of Goods		75,31,07,481	1,41,48,28,665
Against Salary		17,40,000	24,43,000
Bank Guarantee Margin		6,68,54,824	6,56,09,951
Advance Income Tax		55,15,72,900	41,63,30,156
VAT current account *		32,43,74,710	34,27,17,836
Supplementary Tax Current A/C		1,64,674	1,64,674
S.S Enterprise		3,00,000	3,00,000
Others		20,58,371	19,85,223
		<b>1,70,01,72,960</b>	<b>2,24,43,79,505</b>
* Company maintained sufficient fund in VAT current accounts in order to meet any unforeseen VAT claim.			
<b>9.01.01 Advance Income Tax</b>			
Opening Balance		41,63,30,156	34,63,87,703
Paid During the year		13,52,42,744	20,44,41,783
		<b>55,15,72,900</b>	<b>55,08,29,486</b>
Adjusted with advance Income Tax		-	(25,00,000)
		<b>55,15,72,900</b>	<b>54,83,29,486</b>
Prior year Tax adjustment		-	(3,79,62,700)
		<b>55,15,72,900</b>	<b>51,03,66,786</b>
Advance Income Tax Refund		-	(9,40,36,630)
		<b>55,15,72,900</b>	<b>41,63,30,156</b>
<b>9.02 Deposits - note 9</b>			
Chittagong City Corporation		40,96,232	40,96,232
Chittagong Palli Bidyut Samity-1		70,38,000	70,38,000
Karnaphuli Gas Distribution Co. Ltd.		21,88,403	21,88,403
Bangladesh Telecommunications Company Limited (BTCL)		6,600	6,600
Grameen Phone (BD) Limited (For mobile)		20,000	20,000
Ansar, VDP		32,331	32,331
Central Depository Bangladesh Limited		5,00,000	5,00,000
VAT Account for Appeal fee		23,94,127	23,94,127
		<b>1,62,75,693</b>	<b>1,62,75,693</b>
<b>9.03 Prepayments - note 9</b>			
Insurance		14,35,785	-
Internet Service		-	34,314
Interest on MPI		8,33,79,342	2,22,18,014
		<b>8,48,15,127</b>	<b>2,22,52,328</b>

	Note(s)	30 June 2021 Taka	30 June 2020 Taka	
<b>10.00 Short Term Investment</b>				
<b><u>Name of Banks</u></b>				
Fixed Deposit Receipts:				
Islami Bank Bangladesh Limited		4,32,69,808	4,11,94,898	
Janata Bank Ltd.		1,61,19,582	-	
		<b>5,93,89,390</b>	<b>4,11,94,898</b>	
<b>11.00 Cash and Cash Equivalents</b>				
Cash in Hand - note 11.01		44,049	76,018	
Cash at Banks - note 11.02		24,14,62,183	40,26,20,050	
		<b>24,15,06,232</b>	<b>40,26,96,068</b>	
<b>11.01 Cash in Hand - note 11</b>				
Head Office		36,459	75,988	
Factory Office		7,590	30	
		<b>44,049</b>	<b>76,018</b>	
<b>11.02 Cash at Banks - note 11</b>				
Bank	Branch	Account No.	30 June 2021 Taka	30 June 2020 Taka
AB Bank Ltd.	Agrabad Br., Chattogram	CD#4101-774707-000	93,409	94,939
Agrani Bank Ltd.	New Market Br., Chattogram	CD#33009854	-	-
Agrani Bank Ltd.	Laldighi Br., Chattogram	CD#29373	38,521	54,441
Al-Arafah Islami Bank Ltd	Khatungonj Br., Chattogram	CD# 0091020013952	82,948	99,568
Bank Asia Ltd.	Khatungonj Br., Chattogram	CD#01333005952	2,79,422	1,43,917
Dhaka Bank Ltd.	Khatungonj Br., Chattogram	CD#0171502235	18,805	18,163
Exim Bank Ltd.	Khatungonj Br., Chattogram	CD#00411100004909	1,25,557	3,37,098
First Security Islami Bank Ltd.	Khatungonj Br., Chattogram	SND#13100002884	-	-
First Security Islami Bank Ltd.	Khatungonj Br., Chattogram	SND#13100003008	3,78,56,796	1,40,12,657
First Security Islami Bank Ltd.	Khatungonj Br., Chattogram	SND#13100002711	37,155	37,214
First Security Islami Bank Ltd.	Khatungonj Br., Chattogram	SND#1310002792	17,814	18,313
First Security Islami Bank Ltd.	Anderkilla Br., Chattogram	CD#13411100003882	2,15,42,510	7,13,66,829
IFIC Bank Ltd.	Khatungonj Br., Chattogram	CD#0170184017001	14,292	31,707
Islami Bank Bangladesh Ltd.	Khatungonj Br., Chattogram	CD#10601002130	2,73,83,357	51,15,271
Jamuna Bank Ltd.	Jubilee Road Br., Chattogram	CD#00190211002260	7,196	10,886
Janata Bank Ltd.	Shadharan Bima Corp. Br., Chattogram	CD#001031259	15,05,88,479	30,04,34,947
Mercantile Bank Ltd.	Khatungonj Br., Chattogram	CD#011211100005747	12,574	19,194
National Bank Ltd.	Khatungonj Br., Chattogram	CD#0002-33069282	84,600	88,463
NRB Global Bank Ltd.	Khatungonj Br., Chattogram	CD#0111100219390	65,500	2,69,238
Pubali Bank Ltd.	Khatungonj Br., Chattogram	CD#0642901085670	36,946	53,729
Rupali Bank Ltd.	O.R Nizam Road Corporate Br., Chattogram	CD#15520235000579	4,592	3,46,899
Rupali Bank Ltd.	O.R Nizam Road Corporate Br., Chattogram	SND#1552024000134	1,16,628	1,11,897
Rupali Bank Ltd.	Local Office, Dhaka	CD # 0018020010320	4,677	99,367

Bank	Branch	Account No.	30 June 2021 Taka	30 June 2020 Taka
Southeast Bank Ltd.	Principal Office, Dhaka	CD#11100036055	91,902	1,01,707
Social Islami Bank Ltd.	Khatungonj Br., Chattogram	CD#0141330020285	17,34,857	6,92,198
The City Bank Ltd.	Khatungonj Br., Chattogram	CD#1101002163001	16,619	20,539
Union Bank Ltd.	Khatungonj Br., Chattogram	CD#0101010000801	1,54,084	88,37,802
Union Bank Ltd.	Gulshan Br., Dhaka	CD#0021010001342	41,400	42,090
Uttara Bank Ltd.	Khatungonj Br., Chattogram	CD#015812221999319	8,09,438	1,33,416
First Security Islami Bank Ltd	Khatungonj Br., Chattogram	CD#010211100009425	1,33,981	7,367
National Bank Limited	Khatungonj Br., Chattogram	CD#1002000515781	2,285	2,975
Janata Bank Limited	Shadharan Bima Corporate Br., Chattogram	CD#001031226	16,529	17,219
Islami Bank Bangladesh Ltd.	Khatungonj Br., Chattogram	CD#1060100415610	49,310	-
			<b>24,14,62,183</b>	<b>40,26,20,050</b>

30 June 2021 Taka	30 June 2020 Taka
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## 12.00 Share Capital

### Authorised capital:

350,000,000 Ordinary Shares of Tk. 10 each

3,50,00,00,000	3,50,00,00,000
<b>3,50,00,00,000</b>	<b>3,50,00,00,000</b>

98,371,100 Ordinary Shares of Tk.10/- each fully paid

98,37,11,000	98,37,11,000
<b>98,37,11,000</b>	<b>98,37,11,000</b>

## 12.01 Shareholding position

Name of shareholders	As at 30 June 2021		As at 30 June 2020	
	% of Holding	Number of Shares of Tk. 10 each	% of Holding	Number of Shares of Tk. 10 each
Mr. Mohammed Saiful Alam	2.34%	23,03,980	2.34%	23,03,980
Mr. Abdus Samad	2.00%	19,67,430	2.00%	19,67,430
Mr. Md. Osman Gani	2.00%	19,67,430	2.00%	19,67,430
S. Alam Steels Ltd.	18.74%	1,84,31,940	18.74%	1,84,31,940
S. Alam Cement Ltd.	9.37%	92,15,960	9.37%	92,15,960
S. Alam Hatchery Ltd.	9.37%	92,15,960	9.37%	92,15,960
S. Alam Luxury Chair Coach Services Ltd.	2.34%	23,03,980	2.34%	23,03,980
S. Alam Vegetable Oil Ltd.	2.34%	23,03,980	2.34%	23,03,980
Bangladesh Fund	5.37%	52,86,146	5.37%	52,86,146
ICB Unit Fund	1.18%	11,63,138	1.18%	11,63,138
ICB	4.57%	44,93,269	4.57%	44,93,269
Others	40.38%	3,97,17,887	40.38%	3,97,17,887
	<b>100.00%</b>	<b>9,83,71,100</b>	<b>100.00%</b>	<b>9,83,71,100</b>

**12.02 Classification of shares by holding**

Class by number of shares	No. of Holders Nos.	No. of Shares Nos.	% of Holding
Less than 500	2,365	382,590	0.39%
From 501 to 5,000	2,701	4,698,826	4.78%
From 5,001 to 10,000	366	2,796,624	2.84%
From 10,001 to 20,000	190	2,776,144	2.82%
From 20,001 to 30,000	76	1,950,338	1.98%
From 30,001 to 40,000	32	1,152,067	1.17%
From 40,001 to 50,000	38	1,775,001	1.80%
From 50,001 to 100,000	59	4,082,900	4.15%
From 100,001 to 1,000,000	55	16,343,669	16.61%
From 1,000,001 and above	13	62,412,941	63.45%
<b>TOTAL</b>	<b>5,895</b>	<b>98,371,100</b>	<b>100%</b>

30 June 2021 Taka	30 June 2020 Taka
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**13.00 Trade creditors**

Liability against Deferred L/C	1,627,080,100	3,916,245,883
Customs Authority-Inbond Duty	147,284,042	349,082,903
Sundry Creditors	110,342,795	142,567,686
	<b>1,884,706,937</b>	<b>4,407,896,472</b>

These represent amount (Sundry creditors) payable to various local parties against sale of CI & GP Sheet.

**14.00 Short Term Liabilities**

Loan against Trust Receipt (LTR) - Notes 14.01	2,247,082,667	2,108,007,960
Loan against CC Pledge and Hypo - Notes 14.02	11,231,711,009	8,401,690,500
	<b>13,478,793,676</b>	<b>10,509,698,460</b>

**14.01 Short Term Bank Loan (LTR)**

Janata Bank Ltd., Shadharan Bima Corp Branch, Ctg.	2,247,082,667	2,108,007,960
	<b>2,247,082,667</b>	<b>2,108,007,960</b>

**14.02 Loan against CC Pledge, Hypo, LIM, PAD and MPI**

Janata Bank Ltd., Shadharan Bima Corp Branch, Ctg. (PAD)	3,496,199,002	5,246,145,635
Janata Bank Ltd., Shadharan Bima Corp Branch, Ctg. (Cash Credit - HYPO)	3,476,679,682	-
Islami Bank Bangladesh Ltd., Khatungonj Branch, Ctg. (MPI)	-	411,269,866
Exim Bank Ltd., Khatungonj Branch, Ctg. (Bia-Muazzal Hypo)	2,137,999,999	1,938,739,999
Islami Bank Bangladesh Ltd., Khatungonj Branch, Ctg. (Bia Murabaha)	2,120,832,326	805,535,000
	<b>11,231,711,009</b>	<b>8,401,690,500</b>



**14.03** Terms and condition of the above liabilities are as follows :

**14.03.01 Lender:** Janata Bank Ltd., Shadharan Bima Corporate Branch, Chattogram.

Types of Liabilities	Sanctioned limit (Figures in crore)	Rate of Interest
LTR/PAD/CC-Hypo	650	9%
Working Capital under Stimulus Package	100	4.50% by the company and 4.50% by the Government as subsidy

**Security :**

- i) LC/Bill of Lading, Corporate Guarantee & Personal Guarantee of all directors.
- ii) 100% registered mortgage of 2971.27 Decimal land in different places at Chattogram, Bangladesh

**14.03.02 Lender:** Islami Bank Bangladesh Ltd., Khatungonj Corporate Branch, Chattogram.

Types of Liabilities	Sanctioned limit (Figures in crore)	Rate of Interest
TR with LC/Bill/Bai-Murabaha/MPI/BG	1250	9%
Working Capital under Stimulus Package	100	4.50% by the company and 4.50% by the Government as Subsidy

**Security :**

- i) Post dated cheque, corporate Guarantee & Personal Guarantee of all directors.
- ii) Hypothecation on inventories, goods in warehouse and Bank Guarantee etc.
- iii) 1,000 Decimal land and building with existing machinery of the project located at Shikalbaha, Patiya Chattogram, Bangladesh.

**14.03.03 Lender:** Export Import Bank of Bangladesh Ltd., Khatungonj Branch, Chattogram

Types of Liabilities	Sanctioned limit (Figures in crore)	Rate of Interest
Bai - Muajjal Hypo	502	9%

**Security:**

- i) Post dated cheque, corporate guarantee & personal guarantee of all directors.
- ii) Hypothecation on inventories, goods in warehouse and Bank Guarantee etc.
- iii) Creation of charge on all Fixed and Floating Assets of the company with RJSC.

**14.03.04 Lender:** Union Bank Ltd., Khatungonj Branch, Chattogram

Types of Liabilities	Sanctioned limit (Figures in crore)	Rate of Interest
Bank Guarantee	105	BG Margin @ 2.70% in the form of MTDR & Commission 0.15% for 1st Qtr & 0.10% for subsequent quarter

**Security:**

- i) Personal guarantee of all directors of the Company.
- ii) Post dated cheque.

	<b>30 June 2021</b> <b>Taka</b>	<b>30 June 2020</b> <b>Taka</b>
<b>15.00 Liabilities for Expenses</b>		
Audit Fee	500,000	450,000
Chittagong Palli Bidyut Samity -1	10,542,762	9,490,293
Karnaphuli Gas Distribution Co. Ltd.	509,770	915,927
Salary and Allowances	273,300	9,354,476
Telephone and Mobile Charges	-	21,705
Liason Office Rent and Expenses	28,668	16,412
Against C & F	182,604	105,839
Transportation	161,000	402,500
Karnaphuli Filling Station Limited	51,511	336,380
Against Store and Spare	10,197,669	1,951,498
Sundry Creditors	95,640	38,140
VAT Payable	22,500	15,000
	<b>22,565,424</b>	<b>23,098,170</b>
<b>16.00 Advance against Sales</b>	<b>813,873</b>	<b>1,751,913</b>
These represent advances received from different parties against sale of scraps and goods which have not been delivered to them within the reporting date.		
<b>17.00 Due to Affiliated Companies</b>		
S. Alam Vegetable Oil Ltd.	-	118,420,000
Karnaphuli Prakritik Gas Limited	-	2,765,350
Genesis Textile Accessories & Apparels limited	-	1,000,000
S. Alam Refined Sugar Industries Limited	-	250,000,000
S. Alam Steels Limited	-	1,600
	-	<b>372,186,950</b>
<b>18.00 Liability against Unclaimed Dividend</b>		
Opening Balance	35,886,679	34,809,023
Dividend declared during the year	98,371,100	98,371,100
	134,257,779	133,180,123
Dividend paid	(97,228,694)	(97,293,444)
Closing Balance	<b>37,029,085</b>	<b>35,886,679</b>
<b>The break up of unclaimed dividend is given below:</b>		
Unclaimed dividend on Ordinary Share	35,531,133	34,388,727
Unclaimed dividend on Convertible Preference Share	1,497,952	1,497,952
	<b>37,029,085</b>	<b>35,886,679</b>

**18.01 Yearwise unclaimed Dividend on Ordinary Share**

Year	Taka
2005-2006	406,913
2006-2007	994,662
2007-2008	996,530
2008-2009	1,611,617
2009-2010	3,502,615
2010-2011	4,197,227
2011-2012	5,093,821
2012-2013	4,699,632
2013-2014	1,907,883
2014-2015	2,149,396
2015-2016	2,723,692
2016-2017	1,938,859
2017-2018	2,315,840
2018-2019	1,501,528
2019-2020	1,490,918
<b>Unclaim Dividend for Ordinary Share</b>	<b>35,531,133</b>
<b>Unclaimed Dividend for Preference Shares</b>	<b>1,497,952</b>
	<b>37,029,085</b>

		30 June 2021 Taka	30 June 2020 Taka
<b>19.00 Provision for Income Tax</b>			
For Current Tax		321,994,184	190,259,332
For Deferred Tax		274,258,955	316,146,697
		<b>596,253,139</b>	<b>506,406,029</b>
<b>19.01 Provision for Current Tax</b>			
Opening Balance		190,259,332	158,325,641
Provision made during the year	19.01.02	135,189,744	34,433,691
		325,449,076	192,759,332
Prior Year Tax Adjustment	19.01.01	-	37,962,700
		325,449,076	230,722,032
Paid / Adjustment during the year		(3,454,892)	(40,462,700)
Closing Balance		<b>321,994,184</b>	<b>190,259,332</b>
<b>19.01.01 Adjusted during the year</b>			
Tax paid in cash		-	-
Adjusted with Advance Income Tax		-	40,462,700
		-	<b>40,462,700</b>

**19.01.02 Computation of net tax liability as per 82 C of ITO 1984**

		Taxable Profit/(Loss)	Tax Rate	Tax Liability
<b>a) As per section 82 C (3)a</b>				
<b>Head of Income</b>				
Business Income U/S 28	Note - 19.01.03	226,438,962	22.50%	50,948,766
Income from other sources U/S 33		6,471,987	22.50%	1,456,197
<b>Tax Liability on Income from regular sources</b>				<b>52,404,963</b>

	Taxable Profit/(Loss)	Tax Rate	Tax Liability
<b>b) As per section 82 C (2) (b)</b>			
On Import stage U/S 53			121,895,618
On Local sales U/S 52U			12,646,927
On Interest of MTDR accounts U/S 53F(2)			647,199
			<b>135,189,744</b>
<b>c) As per section 82C (4) (a)</b>			
Gross sales	5,348,227,239	0.60%	<b>32,089,363</b>
Finance Income	6,471,987	0.60%	<b>38,832</b>
			<b>32,128,195</b>
<b>Therefore, Provision for current tax liability is higher of a, b &amp; c</b>			<b>135,189,744</b>

#### 19.01.03 Computation of Business income (U/S - 28)

<b>Profit before tax as per Accounts</b>	<b>189,913,361</b>
Add: Inadmissible Items	
Accounting Depreciation	87,504,081
Accounting Depreciation - Right of use asset	193,754
Excess perquisite	3,702,362
Provision for Worker's Profit Participation & Welfare Fund	9,995,440
Miscellaneous Expenses	1,533,920
	<b>102,929,557</b>
<b>Profit before admissible items</b>	<b>292,842,918</b>
Less: Deductable items	
Income from other sources	6,471,987
Rent expenses - Right of use asset	193,840
Fiscal (Tax) depreciation	41,700,671
Payment for Worker's Profit Participation & Welfare Fund	18,037,458
	<b>66,403,956</b>
<b>Total Taxable Profit</b>	<b>226,438,962</b>

19.01.04	30 June 2021		30 June 2020	
	Rate	Amount in Taka	Rate	Amount in Taka
<b>Reconciliation of effective tax rate</b>				
Profit before tax	-	18,99,13,361	-	12,83,13,230
<b>Provision for current year tax</b>	<b>71.18%</b>	<b>13,51,89,744</b>	<b>26.84%</b>	<b>3,44,33,691</b>
<b>Factors affecting the tax rate charge:</b>				
Tax using the applicable rate	22.50%	4,27,30,506	25.00%	3,20,78,308
Difference between regular tax and Minimum Tax Under 82C of ITO 1984	25.60%	4,86,16,713	0.00%	-
Difference between accounting WPPF & WF Provision and payment	-0.95%	(18,09,454)	-1.25%	(16,01,242)
Difference between accounting and fiscal depreciation	5.43%	1,03,05,748	2.06%	26,45,287
Inadmissible expenses	18.17%	3,45,132	0.30%	3,85,748
Effect of taxable perquisit	0.44%	8,33,031	0.72%	9,25,591
	<b>71.18%</b>	<b>10,10,21,676</b>	<b>26.84%</b>	<b>3,44,33,691</b>

**19.01.05 Year wise Income Tax assessment status is as follows**

Accounting Year	Assessment Year	Present Status
30 June 2017 and earlier years	2017-2018 and earlier years	Assessment Completed
30 June 2018	2018-2019	Assessment with 1st Appeal and 2nd Appeal completed. But revised demand notice after 2nd Appeal not yet received
30 June 2019	2019-2020	Income Tax Return submitted and under process to complete Assessment
30 June 2020	2020-2021	Income Tax Return submitted and under process to complete Assessment

**19.02 Provision for Deferred Tax**

	30 June 2021 Taka	30 June 2020 Taka
Opening Balance	31,61,46,697	31,87,91,984
Provision made during the year	-	-
	31,61,46,697	31,87,91,984
Provision realized during the year	(4,18,87,742)	(26,45,287)
Closing balance	<b>27,42,58,955</b>	<b>31,61,46,697</b>

	Carrying Amount (Taka)	Tax Base (Taka)	Taxable / (Deductible) Temporary Difference (Taka)
<b>Calculation of Deffered Tax</b>			
<b>A. As on 30 June 2021:</b>			
Property, Plant and Equipment (Except Land)	1,42,60,09,202	20,72,25,826	1,21,87,83,376
Right of use asset	1,45,315	-	1,45,315
			1,21,89,28,691
Applicable Tax Rate			22.5%
			<b>27,42,58,955</b>
<b>B. As on 30 June 2020:</b>			
Property, Plant and Equipment (Except Land)	1,51,09,62,811	24,63,76,024	1,26,45,86,787
Applicable Tax Rate			25%
			<b>31,61,46,697</b>
Provision made/(Realized) during the year (A-B)			(4,18,87,742)

**20.00 Provision for Workers' Profit Participation & Welfare Fund (WPP & WF)**

	30 June 2021 Taka	30 June 2020 Taka
Opening Balance	12,16,10,982	11,79,92,748
Accrued interest on WPP and WF	22,92,642	1,00,23,203
Provided during the year @ 5% on net profit before tax	99,95,440	67,53,328
	1,22,88,082	<b>1,67,76,531</b>
	13,38,99,064	13,47,69,279
Paid during the year	(1,80,37,458)	(1,31,58,297)
Provision transferred / adjusted during the year	-	-
Closing Balance	<b>11,58,61,606</b>	<b>12,16,10,982</b>

	Note(s)	30 June 2021 Taka	30 June 2020 Taka
<b>21.00 Other Liabilities</b>			
Income Tax deducted at source from salary		-	1,94,616
Income Tax deducted at source-others		13,748	24,628
Other Liabilities		2,86,542	3,98,455
		<b>3,00,290</b>	<b>6,17,699</b>
<b>22.00 Revenue</b>			
Sales of CR Coil		2,04,48,02,361	1,80,28,67,908
Sales of C.I Sheet		2,53,16,30,222	2,02,43,77,922
Sales of G.P Sheet		3,29,58,192	3,43,13,642
Sales of Scrap		73,88,36,464	22,34,41,575
		<b>5,34,82,27,239</b>	<b>4,08,50,01,047</b>
<b>23.00 Cost of Sales</b>			
Opening Stock of Raw Materials	23.01 to 23.11	3,75,66,37,002	2,56,94,59,952
Purchased during the year	23.01 to 23.11	3,58,59,74,283	4,56,40,97,620
		7,34,26,11,285	7,13,35,57,572
Closing Stock of Raw Materials	23.01 to 23.11	(2,99,14,79,395)	(3,75,66,37,002)
Cost of raw materials consumed		<b>4,35,11,31,890</b>	<b>3,37,69,20,570</b>
<b>Add: Manufacturing Expenses:</b>			
Power (Electricity)		18,46,84,816	14,84,41,354
Gas		1,70,61,769	1,36,83,711
Fuel and Lubricants- Factory Generator		11,31,000	19,86,907
Factory overhead	23.12	15,49,85,435	14,23,24,968
Consumption of Stores and Spares		8,90,87,180	5,94,37,269
Consumption of Packaging materials		12,24,944	8,77,473
Consumption of other chemicals		-	-
Depreciation	5.02	6,77,91,910	5,61,93,774
		<b>51,59,67,054</b>	<b>42,29,45,456</b>
Cost of Goods Manufactured		<b>4,86,70,98,944</b>	<b>3,79,98,66,026</b>
<b>Add</b> Opening stock of WIP (CR)		30,67,35,856	33,54,70,575
Opening stock of WIP (NOF)		48,45,28,965	50,79,37,460
<b>Less:</b> Closing stock of WIP (CR)		37,45,69,840	30,67,35,856
Closing stock of WIP (NOF)		40,96,98,800	48,45,28,965
		<b>4,87,40,95,125</b>	<b>3,85,20,09,240</b>
<b>Add:</b> Opening stock of Finished Goods (CR)		34,32,97,701	15,65,69,829
Opening stock of Finished Goods (NOF)		41,97,14,177	20,93,60,673
<b>Less:</b> Closing stock of Finished Goods (CR)		44,56,60,984	34,32,97,701
Closing stock of Finished Goods (NOF)		58,84,61,613	41,97,14,177
<b>Cost of sales</b>		<b>4,60,29,84,406</b>	<b>3,45,49,27,864</b>
<b>23.01 Raw Materials Consumed - H.R Coil</b>			
Opening Stock of raw materials		1,46,72,98,217	22,23,69,706
<b>Add:</b> Purchased during the year		2,78,78,28,936	4,10,55,80,336
		4,25,51,27,153	<b>4,32,79,50,042</b>
<b>Less:</b> Closing Stock of Raw Materials		62,41,25,528	1,46,72,98,217
Cost of raw materials consumed		<b>3,63,10,01,625</b>	<b>2,86,06,51,825</b>

	30 June 2021 Taka	30 June 2020 Taka
<b>23.02 Raw Materials Consumed - Hydrochloric Acid</b>		
Opening Stock of raw materials	3,21,91,734	3,48,11,302
<b>Add: Purchased during the year</b>	77,18,245	60,67,220
	<b>3,99,09,979</b>	<b>4,08,78,522</b>
Less: Closing Stock of raw materials	2,76,47,615	3,21,91,734
<b>Consumption of Hydrochloric Acid</b>	<b>1,22,62,364</b>	<b>86,86,788</b>
<b>23.03 Raw Materials Consumed - TIN Ingot</b>		
Opening Stock of raw materials	6,77,15,730	7,73,26,968
<b>Add: Purchased during the year</b>	2,04,28,376	-
	<b>8,81,44,106</b>	<b>7,73,26,968</b>
Less: Closing Stock of raw materials	7,45,86,824	6,77,15,730
<b>Consumption of TIN Ingot</b>	<b>1,35,57,282</b>	<b>96,11,238</b>
<b>23.04 Raw Materials Consumed - ZINC Ingot</b>		
Opening Stock of raw materials	2,03,95,98,675	2,08,84,53,520
<b>Add: Purchased during the year</b>	73,29,19,960	41,99,38,740
	<b>2,77,25,18,635</b>	<b>2,50,83,92,260</b>
Less: Closing Stock of raw materials	2,11,17,68,050	2,03,95,98,675
<b>Consumption of ZINC Ingot</b>	<b>66,07,50,585</b>	<b>46,87,93,585</b>
<b>23.05 Raw Materials Consumed - LEAD Ingot</b>		
Opening Stock of raw materials	11,84,44,820	11,92,22,010
<b>Add: Purchased during the year</b>	-	-
	<b>11,84,44,820</b>	<b>11,92,22,010</b>
Less: Closing Stock of raw materials	11,73,11,800	11,84,44,820
<b>Consumption of Lead Ingot</b>	<b>11,33,020</b>	<b>7,77,190</b>
<b>23.06 Raw Materials Consumed - ZINC Alloy</b>		
Opening Stock of raw materials	45,51,189	-
<b>Add: Purchased during the year</b>	2,93,32,333	2,80,00,254
	<b>3,38,83,522</b>	<b>2,80,00,254</b>
Less: Closing Stock of raw materials	68,33,013	45,51,189
<b>Consumption of ZINC Alloy</b>	<b>2,70,50,509</b>	<b>2,34,49,065</b>
<b>23.07 Raw Materials Consumed - Antimony Ingot</b>		
Opening Stock of raw materials	-	-
<b>Add: Purchased during the year</b>	55,74,695	34,24,331
	55,74,695	<b>34,24,331</b>
Less: Closing Stock of raw materials	22,49,496	-
<b>Consumption of Antimony Ingot</b>	<b>33,25,199</b>	<b>34,24,331</b>
<b>23.08 Raw Materials Consumed - Chromic Acid</b>		
Opening Stock of raw materials	1,06,91,133	1,11,95,942
<b>Add: Purchased during the year</b>	21,71,738	10,21,739
	<b>1,28,62,871</b>	<b>1,22,17,681</b>
Less: Closing Stock of raw materials	1,08,11,565	1,06,91,133
<b>Consumption of Chromic Acid</b>	<b>20,51,306</b>	<b>15,26,548</b>

	<b>30 June 2021</b> <b>Taka</b>	<b>30 June 2020</b> <b>Taka</b>
<b>23.09 Lubricant Oil Consumed</b>		
Opening Stock	15,38,240	15,38,240
<b>Add:</b> Purchased during the year	-	-
	<u>15,38,240</u>	<u>15,38,240</u>
<b>Less:</b> Closing Stock	15,38,240	15,38,240
<b>Consumption of Lubricant Oil</b>	<u><u>-</u></u>	<u><u>-</u></u>
<b>23.10 HFO Consumed</b>		
Opening Stock	1,37,02,500	1,37,02,500
<b>Add:</b> Purchased during the year	-	-
	<u><b>1,37,02,500</b></u>	<u><b>1,37,02,500</b></u>
<b>Less:</b> Closing Stock	1,37,02,500	1,37,02,500
<b>Consumption of HFO</b>	<u><u>-</u></u>	<u><u>-</u></u>
<b>23.11 LFO Consumed</b>		
Opening Stock	9,04,764	8,39,764
<b>Add:</b> Purchased during the year	-	65,000
	<u><b>9,04,764</b></u>	<u><b>9,04,764</b></u>
<b>Less:</b> Closing Stock	9,04,764	9,04,764
<b>Consumption of LFO</b>	<u><u>-</u></u>	<u><u>-</u></u>
<b>23.12 Factory Overhead</b>		
Salaries and Allowances	10,80,92,214	12,52,21,515
Insurance Expenses	1,57,93,625	20,66,290
Medical Expenses	4,12,896	7,02,100
Labour Charges	16,61,157	22,01,054
Repairs and Maintenance	97,32,465	36,67,980
Carrying Charges-Raw Materials	15,15,800	16,07,849
Uniform and Liveries	9,992	67,401
Transportation	27,69,200	24,79,400
Printing & Stationery	1,95,408	1,72,762
Canteen Expenses - Factory	2,51,843	2,15,936
Telephone and Internet Charges	3,75,759	3,59,890
Miscellaneous Expenses	12,51,636	13,41,600
Registration and Renewal	99,92,837	6,18,187
Rent, Rates and Taxes	14,46,954	70,000
Travelling and Conveyance Expenses	1,60,030	2,78,098
Vehicle Maintenance	13,00,327	12,54,906
Entertainment Expenses	23,292	-
	<u><b>15,49,85,435</b></u>	<u><b>14,23,24,968</b></u>
<b>24 Selling and Distribution Expenses</b>		
Advertisement	3,36,545	21,63,962
	<u><b>3,36,545</b></u>	<u><b>21,63,962</b></u>



	Note(s)	30 June 2021 Taka	30 June 2020 Taka
<b>25</b>	<b>Office &amp; Administrative Expenses</b>		
	Salaries and Allowances	2,32,14,953	1,91,25,338
	Amortization	6.01 1,93,754	-
	Depreciation	5.02 2,25,97,303	1,87,31,258
	Canteen Expenses	2,38,114	4,29,654
	Fees and Renewals	25,39,984	11,53,995
	Guest House Expenses	2,07,542	4,74,526
	Legal and Professional Expenses	6,67,300	20,00,000
	Liaison Office Expenses	1,22,432	1,14,616
	Office Maintenance Expenses	6,51,821	2,95,647
	Liaison Office Rent	4,35,791	4,28,607
	Office Decoration	-	15,960
	Stationery Expenses	5,40,173	4,39,122
	Registration and Renewal	71,100	64,038
	Rent, Rates and Taxes	4,04,134	2,01,882
	Telephone and Mobile Expenses	1,98,930	1,91,768
	Travelling and Conveyance Expenses	1,63,435	2,00,045
	Vehicle Maintenance	10,56,399	8,74,869
	Management Meeting and Conference	11,75,513	21,06,715
	Electricity Expenses	4,03,014	3,64,523
	Miscellaneous Expenses	14,36,767	4,02,410
	Audit Fees	5,00,000	4,50,000
	Consultancy	-	1,25,921
		<b>5,68,18,458</b>	<b>4,81,90,894</b>
<b>26</b>	<b>Finance Expenses</b>		
	Bank Charges	13,00,401	10,50,499
	Interest for adoption for new IFRS-16 Lease	6.02 23,933	-
	Interest on Short Term Loan	50,00,76,672	41,93,46,279
	Interest on Term Loan	-	2,26,33,205
	Interest on WPP & WF	22,92,642	1,00,23,203
	Bank Guarantee Commission	52,52,993	61,43,605
		<b>50,89,46,641</b>	<b>45,91,96,791</b>
<b>27</b>	<b>Finance Income</b>		
	Interest Income from MTDR and MDDS	49,45,727	67,74,438
	Interest on STD/SND	7,44,662	5,00,570
	Interest Income from FDR	7,81,598	2,40,007
		<b>64,71,987</b>	<b>75,15,015</b>
<b>28</b>	<b>Basic Earnings Per Share (EPS)</b>		
	Profit attributable to the ordinary shareholders	8,66,04,422	5,36,41,121
	Number of ordinary shares outstanding during the year	9,83,71,100	9,83,71,100
	<b>Basic Earnings Per Share (EPS)</b>	<b>0.88</b>	<b>0.55</b>

	30 June 2021 Taka	30 June 2020 Taka
<b>29.00 Net Asset Value Per Share (NAV)</b>		
Total Assets	18,11,34,90,858	17,97,19,86,947
Less: Total Liabilities	16,25,52,86,062	16,10,22,45,500
<b>Net Asset Value (NAV)</b>	<b>1,85,82,04,796</b>	<b>1,86,97,41,447</b>
Number of ordinary shares outstanding during the year	<b>9,83,71,100</b>	<b>9,83,71,100</b>
<b>Net Asset Value Per Share (NAV)</b>	<b>18.89</b>	<b>19.01</b>
<b>30.00 Net Operating Cash Flow Per Share</b>		
Cash flows from operating activities	(2,13,99,66,362)	90,36,07,175
Number of ordinary shares outstanding during the year	9,83,71,100	9,83,71,100
<b>Net Operating Cash Flow Per Share</b>	<b>(21.75)</b>	<b>9.19</b>
<b>31.00 Reconciliation of net income with cash flows from Operating Activities</b>		
Net profit After Tax	8,23,15,733	5,15,32,119
<b>Adjustment for non-cash items</b>		
Depreciation	9,05,82,968	7,49,25,032
	<b>17,28,98,701</b>	<b>12,64,57,151</b>
<b>Adjustment for non-operating items :</b>		
Cash Paid for Financial Expenses	50,66,53,999	44,91,73,588
Finance Income	(64,71,987)	(75,15,015)
Adjustment for Provision of Deferred Tax	(4,18,87,741)	(26,45,287)
<b>Adjustment for changes in accruals :</b>		
(Increase)/ Decrease in Accounts Receivable	(31,59,93,566)	58,89,73,027
(Increase)/ Decrease in Inventory	(53,78,42,860)	(1,98,02,37,224)
(Increase)/ Decrease in Advances, Deposits & Prepayments except AIT	61,68,86,490	49,29,09,160
Increase/(Decrease) - Advance against sales	(9,38,040)	(1,28,90,634)
Increase/(Decrease) in Trade Payable	(2,52,31,89,535)	1,31,28,10,421
Increase/(Decrease) in Other Liabilities	(3,17,409)	(44,697)
Increase/(Decrease) in Liabilities for Expenses	(5,07,145)	89,69,913
Increase/(Decrease) in provision of WPPF & WF	(57,49,376)	36,18,234
Excess of Tax provision over adjustment	13,17,34,852	3,19,33,691
Excess of AIT adjusted with Tax over payment	(13,52,42,746)	(20,19,41,783)
AIT Refund	-	9,40,36,630
<b>Net cash (used in)/generated by operating activities</b>	<b>(2,13,99,66,362)</b>	<b>90,36,07,175</b>

### 32.00 Contingent Liabilities

The company had the following contingent liabilities at the reporting date:

Particulars	Amount (Tk.)	Present status
Penalty imposed by Customs Bond Authority in 2011	35,000,000	Pending before the VAT Appellate Tribunal for verdict.

No provision has been made on the reporting date against above contingent liabilities as outcome of the above pending cases are uncertain.

**S. ALAM COLD ROLLED STEELS LIMITED**  
**FOR THE YEAR ENDED 30 JUNE 2021**  
**RELATED NOTES FOR CONSOLIDATED STATEMENT OF CASH FLOWS**

	Note(s)	30 June 2021 Taka	30 June 2020 Taka
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>33.01 Cash received from customer:</b>			
Sales	22.00	5,34,82,27,239	4,08,50,01,047
Add: Opening Account Receivable	8.00	3,62,65,17,806	4,21,54,90,833
Less: Closing Account Reccivable	8.00	(3,94,25,11,372)	(3,62,65,17,806)
Less: Advance against sales Increase / (decrease)	9.00	(9,38,040)	(1,28,90,634)
		<b>5,03,12,95,633</b>	<b>4,66,10,83,440</b>
<b>33.02 Cash Payment to supplier:</b>			
Cost of goods sold less Cash paid to employees (Factory)	23.00	4,49,48,92,192	3,32,97,06,349
Less: Non cash expenses (Depreciation-Factory)	5.02	(6,77,91,910)	(5,61,93,774)
Add: Closing Inventory	7.00	7,87,00,58,570	7,33,22,15,710
Less: Opening Inventory	7.00	(7,33,22,15,710)	(5,35,19,78,486)
		<b>4,96,49,43,142</b>	<b>5,25,37,49,799</b>
Add: Increase in Advances	9.00	(61,61,83,490)	(45,48,44,460)
Add: Opening Accounts Payable (Trade Creditors)	13.00	4,40,78,96,472	3,09,50,86,051
less: Closing Accounts Payable (Trade Creditors)	13.00	(1,88,47,06,937)	(4,40,78,96,472)
		<b>6,87,19,49,188</b>	<b>3,48,60,94,918</b>
<b>33.03 Cash Paid to employees</b>			
Salaries Expense ( Admin & Factory)	23.12 & 25	13,13,07,167	14,43,46,853
Less: Increase in provision for salary & allowances	15.00	90,81,176	(4,57,634)
Add: Increase in advance against salary	9.01	(7,03,000)	(1,02,000)
		<b>13,96,85,343</b>	<b>14,37,87,219</b>
<b>33.04 Payment for operating Expense:</b>			
Total Operating Expenses Less Salary & Allowance Expenses of H/O	25.00	3,39,14,450	3,12,29,518
Less: Increase in provision for expenses	15.00	(85,48,430)	(85,12,279)
Less: Non cash expenses (Depreciation)	5.02	(2,27,91,057)	(1,87,31,258)
less: other liabilities	21.00	3,17,408	44,697
		<b>28,92,370</b>	<b>40,30,678</b>
<b>33.05 Payment of Advance Income Tax during the period</b>			
	9.01.01	<b>13,86,97,636</b>	<b>20,44,41,783</b>
<b>33.06 Payment for WPP &amp; WF during the period</b>			
	20.00	<b>1,80,37,458</b>	<b>1,31,58,297</b>
<b>33.07 Advance tax refund</b>			
	9.01.01	-	<b>9,40,36,630</b>

	Note(s)	30 June 2021 Taka	30 June 2020 Taka
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>33.08 Acquisition of Property, Plant And Equipment</b>			
Addition during the year	5.00	<u>25,50,473</u>	<u>2,50,91,022</u>
<b>33.09 Investment in Short Term Investment</b>	10.00		
Opening Balance		4,11,94,898	3,89,22,819
Less: Closing Balance		(5,93,89,390)	(4,11,94,898)
Changes in Short Term Investment		<u>(1,81,94,492)</u>	<u>(22,72,079)</u>
<b>33.10 Interest Received from Fixed Deposit Receipt &amp; Other Income</b>	27.00		
Interest Income from FDR, MTDR		64,71,987	75,15,015
		<u>64,71,987</u>	<u>75,15,015</u>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>33.11 Proceeds from / (Repayment of) Long Term Loan</b>		<u>-</u>	<u>1,43,38,20,676</u>
<b>33.12 Received from/(Repayment of) Short term loan</b>	14.00		
Closing Balance		13,47,87,93,675	10,50,96,98,460
Less: Opening Balance		(10,50,96,98,460)	(9,15,50,78,128)
Changes in Short term loan		<u>2,96,90,95,215</u>	<u>1,35,46,20,332</u>
<b>33.13 Cash Received from / (Paid to) affiliated companies</b>	17.00		
Closing Balance		-	37,21,86,950
Less: Opening Balance		(37,21,86,950)	(34,10,92,047)
Changes in Proceeds from / (Repayment to) Affiliated Companies		<u>(37,21,86,950)</u>	<u>3,10,94,903</u>
<b>33.14 Dividend Paid</b>	18.00		
Opening Un claimed Dividend		3,58,86,679	3,48,09,023
Add: Proposed Dividend last year		9,83,71,100	9,83,71,100
		13,42,57,779	13,31,80,123
Less: Closing Balance of Unclaimed Dividend		(3,70,29,085)	(3,58,86,679)
Dividend Paid		<u>9,72,28,694</u>	<u>9,72,93,444</u>
<b>33.15 Cash payment for financial expenses</b>	26.00		
Financial Expense		50,89,22,708	45,91,96,791
provision Interest on WPPF and WWF		(22,92,642)	(1,00,23,203)
		<u>50,66,30,066</u>	<u>44,91,73,588</u>

	30 June 2021	30 June 2020
	M.Ton	M.Ton
<b>34.00 Quantitative Movement of Inventories</b>		
<b>34.01 Raw Materials:</b>		
<b>Opening Stock of Raw Materials</b>		
H.R Coil	30,061.02	3,010.53
Hydrochloric Acid	5,271.99	5,556.17
TIN Ingot	32.85	37.51
ZINC Ingot	7,401.28	7,494.29
LEAD Ingot	532.94	536.44
ZINC Alloy	17.85	-
Antimony Ingot	-	-
Chromic Acid	33.30	32.96
	<b>43,351.23</b>	<b>16,667.90</b>
<b>Add: Purchased during the year</b>		
H. R Coil	51,761.00	75,107.85
Hydrochloric Acid	1,422.64	1,125.87
TIN Ingot	10.00	-
ZINC Ingot	3,099.00	1,595.79
LEAD Ingot	-	-
ZINC Alloy	110.89	109.80
Antimony Ingot	10.00	5.00
Chromic Acid	10.00	5.00
	<b>56,423.53</b>	<b>77,949.31</b>
<b>Raw materials available for consumption</b>	<b>99,774.76</b>	<b>94,617.21</b>
<b>Less: Raw Materials Consumed</b>		
H.R Coil	69,405.76	48,057.36
Hydrochloric Acid	2,037.62	1,410.05
TIN Ingot	6.80	4.66
ZINC Ingot	2,487.91	1,688.80
LEAD Ingot	5.10	3.50
ZINC Alloy	102.91	31.95
Antimony Ingot	7.30	5.00
Chromic Acid	6.80	4.66
	<b>74,060.20</b>	<b>51,205.98</b>
<b>Closing Stock of Raw Materials</b>		
H.R Coil	12,416.26	30,061.02
Hydrochloric Acid	4,657.01	5,271.99
TIN Ingot	36.05	32.85
ZINC Ingot	8,012.37	7,401.28
LEAD Ingot	527.84	532.94
ZINC Alloy	25.83	17.85
Antimony Ingot	2.70	-
Chromic Acid	36.50	33.30
	<b>25,714.56</b>	<b>43,351.23</b>

	30 June 2021	30 June 2020
	M.Ton	M.Ton
<b>34.02 Finished Goods:</b>		
<b>A. In Cold Rolled Plant</b>		
Opening stock	4,688	1,808
Add: Produced during the year	63,676	48,749
	<u>68,364</u>	<u>50,557</u>
Less: Transferred to NOF plant during the year	38,221	24,105
Available for sale	30,143	26,452
Less: Sold during the year	25,610	21,764
Packed Goods	284	438
Unpack Goods	4,249	4,250
Closing stock	<u><b>4,533</b></u>	<u><b>4,688</b></u>
<b>B. In NOF Plant</b>		
Opening stock	5,646	1,869
Add: Produced during the year	33,985	28,076
Available for sale	39,631	29,945
Less: Sold during the year	33,749	24,299
Packed Goods	1,609	1,214
Unpack Goods	4,273	4,432
Closing stock	<u><b>5,882</b></u>	<u><b>5,646</b></u>

### 35.00 Guarantees

The following Bank guarantees were outstanding on the reporting date:

Bank Guarantee Against Karnaphuli Gas Distribution Co. Ltd.	43,68,413	28,06,727
Deposit to Customs Authority against duty claim under appeal	2,64,81,278	2,91,18,689
Bank Guarantee Against Customs Authority under Bond	72,68,10,397	1,18,98,97,290
	<u><b>75,76,60,088</b></u>	<u><b>1,22,18,22,706</b></u>

### 36.00 Financial Risk Management

The Company has exposure to the following risks from its use of financial instruments:

- (i) Credit risk;
- (ii) Liquidity risk;
- (iii) Market risk.

#### Risk management framework

The company management has overall responsibility for the establishment and oversight of the Company's risk management framework. The company's management policies are established to identify and analyse the risks faced by the Company to set appropriate risk limits and controls and to monitor risks and adherence to limit. Risk management policies, procedures and systems are reviewed regularly to reflect changes in market conditions and the company's activities.

### 36.01 Credit risk

Credit risk is risk of financial loss if a customer fails to meet its contractual obligations which arises principally from the Company's receivables from customers and investment in securities.

#### 36.01.01 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	Amount in Taka	
	30 June 2021	30 June 2020
Trade Receivables	3,94,25,11,372	3,62,65,17,806
Cash and Cash Equivalents	24,15,06,232	40,26,96,068
Short term Investment	5,93,89,390	4,11,94,898
	<b>4,24,34,06,994</b>	<b>4,07,04,08,772</b>

#### (a) Trade receivables

The company's management has not established a credit policy under which each new customer is analyzed individually for creditworthiness before the company's standard payment and delivery terms and conditions are offered.

#### Ageing of trade and other receivables

The ageing of gross value at the reporting date that was not impaired was as follows:

	Amount in Taka	
	30 June 2021	30 June 2020
0 - 90 days	1,05,29,22,863	88,27,76,365
91 - 180 days	1,04,36,35,603	95,92,19,948
181 - 365 days	1,84,59,52,906	1,78,45,21,493
	<b>3,94,25,11,372</b>	<b>3,62,65,17,806</b>

#### (b) Cash and cash equivalents

The company held cash and cash equivalents of Tk.241,506,232 at 30 June 2021 (2020 :Tk.402,696,068), which represents its minimum credit exposure on these assets. The balance with banks are maintained with local branch of domestic scheduled banks.

### 36.02 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations affiliated with its financial liabilities that are settled by delivering cash. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The following are the contractual maturities of financial liabilities:

	0 to 12 Months	Contractual Cash Flows	Carrying Amount
<b>Non-derivative financial liabilities:</b>			
<b>As at 30 June 2021</b>			
Trade creditors	1,88,47,06,937	1,88,47,06,937	1,88,47,06,937
Liabilities for expenses	2,25,65,424	2,25,65,424	2,25,65,424
Other liabilities	3,00,290	3,00,290	3,00,290
	<b>1,90,75,72,651</b>	<b>1,90,75,72,651</b>	<b>1,90,75,72,651</b>

	0 to 12 Months	Contractual Cash Flows	Carrying Amount
<b>As at 30 June 2020</b>			
Trade creditors	4,40,78,96,472	4,40,78,96,472	4,40,78,96,472
Liabilities for expenses	2,30,98,170	2,30,98,170	2,30,98,170
Other liabilities	6,17,699	6,17,699	6,17,699
	<b>4,43,16,12,341</b>	<b>4,43,16,12,341</b>	<b>4,43,16,12,341</b>

### 36.03 Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Market risks includes the following:

#### 36.03.01 Currency risk: exposure and its management

The company is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the functional currencies of the company. To manage this exposure, the company is adapted direct risk reduction methods based on matching receipts and payments on assets and liabilities.

The Company is exposed to foreign currency risk relating to purchases, sales and other transactions which are denominated in foreign currencies. As at 30 June 2021, the Company was exposed to foreign currency risk in respect of financial liabilities denominated in the following currencies:

	30 June 2021		30 June 2020	
	US\$	Taka	US\$	Taka
<b>Exposure to currency risk</b>				
Foreign currency denominated assets:				
Trade receivables	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Foreign currency denominated liabilities:				
Liabilities for expenses (LC liability)	1,91,42,119	1,62,70,80,100	4,62,87,892	3,91,62,45,883
	<u>1,91,42,119</u>	<u>1,62,70,80,100</u>	<u>4,62,87,892</u>	<u>3,91,62,45,883</u>
Net exposure	<b>1,91,42,119</b>	<b>1,62,70,80,100</b>	<b>4,62,87,892</b>	<b>3,91,62,45,883</b>

The following significant exchange rate is applied during the year:

<b>US dollar</b>	<b>85.00</b>	<b>84.61</b>
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#### 36.03.02 Transaction risk

Transaction risk is the risk that the company will incur exchange losses when the accounting results are translated into the home currency.

#### 36.03.03 Economic risk

Economic risk refers to the effect of exchange rate movements on the international competitiveness of the company.

#### 36.03.04 Interest risk

Interest rate risk arises from movement in interest rates. The company needs to manage interest rate risk so as to be able to repay debts as they fall due and to minimise the risks surrounding interest payments and receipts.



### 37.00 Operating Segments:

The company has two reportable segments, as described below which are the company's strategic divisions. These strategic divisions offer different products and are managed separately because they require different technology and marketing strategies. The following summary describes the operation in each of the company's reportable segments:

- i) Cold Rolled Strips: Includes purchasing of hot roll and manufacturing and distribution of CR Strips.
- ii) Non-Oxide Furnace (NOF): Includes purchasing of CR Strips and manufacturing and distribution of CI and GP Sheets.
- ii) Power Generation Plant : 17 MW captive power plant.

Information about reportable segments	30 June 2021			30 June 2020				
	Cold Rolled TK.	NOF TK.	Power TK.	Total TK.	Cold Rolled TK.	NOF TK.	Power TK.	Total TK.
<b>External Revenues :</b>								
Local Sales	2,04,48,02,361	2,56,45,88,414	-	4,60,93,90,775	1,80,28,67,908	2,05,86,91,564	-	3,86,15,59,472
Scrap Sales	51,30,55,454	22,57,81,010	-	73,88,36,464	16,43,61,728	5,90,79,847	-	22,34,41,575
<b>Total External Sales and Reportable Segment Revenue</b>	<b>2,55,78,57,815</b>	<b>2,79,03,69,424</b>	<b>-</b>	<b>5,34,82,27,239</b>	<b>1,96,72,29,636</b>	<b>2,11,77,71,411</b>	<b>-</b>	<b>4,08,50,01,047</b>
Cost of sales	2,19,93,88,099	2,39,26,67,464	1,09,28,843	4,60,29,84,406	1,64,62,30,069	1,80,34,78,004	52,19,791	3,45,49,27,864
<b>Gross Profit</b>	<b>35,84,69,716</b>	<b>39,77,01,960</b>	<b>(1,09,28,843)</b>	<b>74,52,42,833</b>	<b>32,09,99,567</b>	<b>31,42,93,407</b>	<b>(52,19,791)</b>	<b>63,00,73,183</b>
% of Gross Profit before Tax	14.01	14.25	-	13.93	16.32	14.84	-	15.42
<b>Reportable Segment Profit before Tax</b>	<b>6,95,13,758</b>	<b>12,03,99,605</b>	<b>(1,42,95,627)</b>	<b>17,56,17,735</b>	<b>5,93,88,635</b>	<b>6,89,24,595</b>	<b>(70,30,007)</b>	<b>12,12,83,223</b>
% of Net Profit before income tax on sales	<b>2.72</b>	<b>4.31</b>	<b>-</b>	<b>3.28</b>	<b>3.02</b>	<b>3.25</b>	<b>-</b>	<b>2.97</b>
Finance income	31,06,554	33,65,433	-	64,71,987	36,07,207	39,07,808	-	75,15,015
Finance Expenses	24,42,85,922	26,46,17,154	43,565	50,89,46,641	22,03,23,425	23,86,83,711	1,89,656	45,91,96,792
Depreciation & Amortisation	4,86,48,828	3,88,55,252	28,85,134	9,03,89,214	4,39,06,725	2,78,61,199	31,57,107	7,49,25,031
Share of Profit/(Loss) of Non-Controlling Interest-Net of Tax	-	-	(42,88,688)	(42,88,688)	-	-	(21,09,002)	(21,09,002)
<b>Reportable Segment Assets</b>	<b>11,16,98,57,049</b>	<b>4,20,16,11,507</b>	<b>2,74,20,22,301</b>	<b>18,11,34,90,857</b>	<b>13,18,99,88,547</b>	<b>4,11,25,92,315</b>	<b>66,94,06,085</b>	<b>17,97,19,86,947</b>
Capital Expenditure	2,36,121	23,14,352	-	25,50,473	1,16,44,840	37,07,570	97,38,612	2,50,91,022
<b>Reportable Segment Liabilities</b>	<b>15,72,51,43,626</b>	<b>51,92,62,041</b>	<b>1,08,80,396</b>	<b>16,25,52,86,063</b>	<b>15,54,40,25,400</b>	<b>16,97,59,023</b>	<b>26,53,68,931</b>	<b>15,97,91,53,354</b>

	30 June 2021 Taka	30 June 2020 Taka
<b>37.01 Reconciliation of Reportable Segments</b>		
<b>Assets</b>		
Total Assets from reportable segments	18,11,34,90,857	17,97,19,86,947
<b>Total Assets</b>	<b>18,11,34,90,857</b>	<b>17,97,19,86,947</b>
<b>Liabilities</b>		
Total Liabilities for reportable segments	16,25,52,86,063	15,97,91,53,354
<b>Total liabilities</b>	<b>16,25,52,86,063</b>	<b>15,97,91,53,354</b>
	30 June 2021 M.Ton	30 June 2020 M.Ton
<b>38.00 Production Capacity</b>		
<b>SACRSL Plant:</b>		
Installed Capacity (In M.Ton)	1,20,000.00	1,20,000.00
Actual Equivalent Production-0.090 mm to 0.420 mm (In M.Ton)	91,496.05	74,844.81
Capacity utilised (%)	76.25%	62.37%
<b>NOF Plant:</b>		
Installed Capacity (In M.Ton)	72,000	72,000
Actual Equivalent Production-0.090 mm to 0.420 mm (In M.Ton)	39,496.89	27,419.10
Capacity utilised (%)	54.86%	38.08%
<b>39.00 Auditors Remuneration</b>		
Audit fee	5,00,000	4,50,000
	<b>5,00,000</b>	<b>4,50,000</b>

**40.00 Number of Employees - Para 3 of Schedule XI, Part II**

Salary Range (Monthly)	Head Office		Factory				Total Number of Employees
	Officer	Staff	Casual	Officer	Staff	Worker	
Below 3,000	-	-	-	-	-	-	-
3,000 and Above	15	8	7	80	35	245	390
<b>For the year ended 30 June 2021</b>	<b>15</b>	<b>8</b>	<b>7</b>	<b>80</b>	<b>35</b>	<b>245</b>	<b>390</b>
<b>For the year ended 30 June 2020</b>	<b>15</b>	<b>8</b>	<b>6</b>	<b>80</b>	<b>36</b>	<b>241</b>	<b>386</b>

**41.00 Attendance Status of Board Meeting of Directors and Honorarium**

During the year ended 30 June 2021, there were 05 (Five) Board meetings held. The attendance status of all the meetings and honorarium of Directors are as follows:

Sl. No.	Name of the Directors	Position	Meeting Held	Attendance	Honorarium per Attendance (Taka)	Total Honorarium (Taka)
01	Mr. Abdus Samad	Chairman	5	5	8,000	40,000
02	Mr. Osman Gani	Managing Director	5	5	8,000	40,000
03	Mr. Mohammad Saiful Alam	Director	5	5	8,000	40,000
04	Ms. Halima Begum	Director	5	5	8,000	40,000
05	Mr. Md. Rafique Ullah	Director	5	5	8,000	40,000
06	Mr. Sampad Kumar Basak FCA	Independent Director	5	5	8,000	40,000
07	Mr. Md. Shafiqul Islam FCA	Independent Director	5	4	8,000	32,000

**42.00 Attendance Status of the Audit Committee and Honorarium**

No. of Audit Committee Meeting attended by its Members with Honorarium during the year are as follows:

Sl. No.	Name of the Directors	Position	NRC Meeting Held	Attendance	Honorarium per Attendance (Taka)	Total Honorarium (Taka)
01	Mr. Sampad Kumar Basak, FCA	Chairman	4	4	8,000	32,000
02	Mr. Mohammed Saiful Alam	Member	4	4	8,000	32,000
03	Mr. Md. Rafique Ullah	Member	4	4	8,000	32,000

**43.00 Attendance Status of the Nomination & Remuneration Committee and Honorarium**

No. of Nomination & Remuneration Committee Meeting with Honorarium attended by its Members during the year are as follows:

Sl. No.	Name of the Directors	Position	NRC Meeting Held	Attendance	Honorarium per Attendance (Taka)	Total Honorarium (Taka)
01	Mr. Sampad Kumar Basak, FCA	Chairman	2	2	8,000	16,000
02	Mr. Mohammed Saiful Alam	Member	2	2	8,000	16,000
03	Mr. Abdus Samad	Member	2	2	8,000	16,000

**44.00 Capital Commitment**

The company had no capital commitment at the reporting date.

**45.00 Remuneration of MD, Managers and Officers:**

Amount in Taka			Amount in Taka		
01 July 2020 to 30 June 2021			01 July 2019 to 30 June 2020		
MD	Managers	Officers	MD	Managers	Officers

**45.01 Remuneration:**

Salary, Allowances	-	2,93,58,612	1,70,16,444	-	2,82,24,749	1,68,00,664
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**House Rent Allowance:**

House Rent	-	73,39,653	42,54,111	-	70,56,187	42,00,166
Other Utilites	-	2,20,18,959	1,27,62,333	-	2,11,68,562	1,26,00,498
	-	<b>2,93,58,612</b>	<b>1,70,16,444</b>	-	<b>2,82,24,749</b>	<b>1,68,00,664</b>

Leave Encashment	-	-	-	-	-	-
Provident fund	-	-	-	-	-	-
	-	<b>2,93,58,612</b>	<b>1,70,16,444</b>	-	<b>28,224,749</b>	<b>16,800,664</b>

<b>Number of Employee</b>	-	<b>26</b>	<b>35</b>	-	<b>28</b>	<b>35</b>
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**45.02 House Rent Accommodation** : Managers and Officers are entitled for House Rent Allowance.

**45.03 Transport** : Senior Officials are provided company's car with free of cost subject to limit.

**45.04 Mobile Bill** : Monthly mobile bill is reimbursed as per approved limit.

**45.05 Medical** : Manager and Officers are reimbursed Medical Allowance subject to approved limit.

**45.06 Remuneration** : The Managing Director and Directors are not paid any remuneration except fee for attending Board of Directors' Meeting.

30 June 2021 Taka	30 June 2020 Taka
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#### 46.00 Key Management Personnel Compensation

In accordance with the para 17 of IAS 24 related party disclosure: Deputy General Manager and above senior officials are the Key management personnel of the company and paid the amount of compensation to the Personnel during the year is as follows :

Short term employee benefits	1,09,93,626	1,09,93,626
Post employment benefits		
Others long term benefits	-	-
Termination benefits	-	-
Share-based payment	-	-
	<b>1,09,93,626</b>	<b>1,09,93,626</b>

#### 47.00 Events After The Reporting Period

The Board of Directors of S. Alam Cold Rolled Steels Limited in their meeting held on 03 November 2021 has recommended 10% cash dividend for the year ended 30 June 2021.

#### 48.00 Effect of COVID-19 on the financial statements:

"The assessment of COVID-19 impact has been done based on the following issues:

- A. Assessment of going concern assumption**
- B. Valuation of inventories**
- C. Government stimulus packages**

##### A. Assessment of going concern assumption:

The Management of SACRSL has reviewed all relevant indicators to assess the company's ability to continue as a going concern under COVID-19 situation and observed that there is no threat to the concept of going concern.

##### Cash flow forecasts are sufficient to support going concern basis

Cash flow forecasting is one of the most important procedures that we use and perform to assess the going concern issues.

##### B. Valuation of inventories:

As per IAS-2 inventories should be measured at lower of cost and net realizable value. As the selling price of finished goods and raw materials were increased after book closing date, no price adjustment is required.

##### C. Government stimulus packages:

The Government of Bangladesh has announced a number of economic stimulus packages including reduced interest rate and extended repayment time for loan. The company enjoyed Working Capital loan under Stimulus Package.

##### Assessment:

It is observed that despite existence of COVID-19, the revenue of the company has gone up which appears to be similar to precovid-19 situation.

**49.00 Significant Deviation in Earning per Share (EPS):**

During the period from 01 July 2020 to 30 June 2021 net profit after tax has increased due to enhancement of Revenue in comparison with corresponding previous period from 01 July 2019 to 30 June 2020.

**50.00 Significant Deviation in Net Operating Cash Flow per Share (NOCFPS):**

Payment to suppliers during 1 July 2020 to 30 June 2021 gone up by Tk 3,385,854,270 over previous period from 01.07.2019 to 30.06.2020 has resulted in significant decrease in NOCFPS although current year collection from customers gone up by Tk. 370,212,193 in comparison to corresponding previous year.

**51.00 Revenue :**

The Revenue of the company has been increased during the period from 01 July 2020 to 30 June 2021 than those of the corresponding period 01 July 2019 to 30 June 2020 due to improvement of COVID-19 situation in the country and execution of additional sales in the development activities of the Government.

**52.00 GENERAL**

Figures appearing in these accounts have been rounded off to the nearest taka.

Previous year's phrases & amounts have been restated and re-arranged, wherever considered necessary, to conform to the presentation for the period under review.

  
Company Secretary

  
Director

  
Managing Director

## INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF S. ALAM COLD ROLLED STEELS LIMITED

### Opinion

We have audited the accompanying financial statements of **S. ALAM COLD ROLLED STEELS LIMITED** (the Company), which comprise the Statement of Financial Position as at 30 June 2021, the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, together with the notes to the financial statements, including a summary of significant accounting policies.

In our opinion and to the best of our information and according to explanations given to us, the accompanying Financial Statements, prepared in accordance with International Financial Reporting Standards (IFRSs), give a true and fair view of the financial position of the company as at 30 June 2021 and of its financial performance and cash flows for the period from 1 July 2020 to 30 June 2021 and comply with the Companies Act 1994 (amendment in 2020), the Securities and Exchange Rules, 1987 and other applicable laws and regulations.

### Basis of opinion

We conducted our audit in accordance with International Standard on Auditing (ISAs) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB). Our responsibilities under those standards are further described in "**Auditors' responsibilities for the audit of the financial statements**" section of our report.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) that are relevant to our audit of the financial statements in Bangladesh and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained are sufficient and appropriate to provide a basis for our audit opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Sl.	Key audit matter	How the matter was addressed in our audit matter
1	<p><b>Revenue</b> (Refer to note 25)</p> <p>Revenue of TK. 5,348,227,239 is recognized in the income statement of S. ALAM COLD ROLLED STEELS LIMITED for the year ended 30 June 2021. We identified revenue recognition as a key audit matter because revenue is one of the key performance indicators of the company and therefore there is an inherent risk of manipulation of the timing of recognition of revenue by management to meet specific targets or expectations.</p> <p>As described in the accounting policy 3.03 to the financial statements, the company recognizes revenue upon transfer of control as per IFRS 15 – Revenue from Contract with Customers.</p>	<p>In light of the fact that the high degree of complexity we assessed the Company's processes and controls for recognizing revenue as part of our audit. Furthermore, in order to mitigate the inherent risk in this area, our audit approach included testing of the controls and the substantive audit procedure, including: -</p> <ul style="list-style-type: none"> <li>➤ We evaluated the Company's accounting policies pertaining to revenue recognition and assessed compliance with the policies in terms of IFRS 15 – Revenue from Contracts with Customers.</li> <li>➤ We identified and tested controls related to revenue recognition and our audit procedure focused on assessing the invoicing and measurement systems up to entries in the general ledger. Examining customer's invoices and receipts of payment on a sample basis.</li> <li>➤ We conducted substantive testing of revenue recorded over the year using sampling techniques, by examining the relevant supporting documents</li> </ul>

Sl.	Key audit matter	How the matter was addressed in our audit matter
		<p>including sales invoices and challans. In addition, we confirmed certain customers' receivable balances at the reporting date, selected on a sample basis by considering the amounts outstanding with those customers.</p> <ul style="list-style-type: none"> <li>➤ Furthermore, we tested the sales transactions recognized shortly before and after the reporting date, including the sales returns recorded after that date, to examine whether sales transactions were recorded in the correct recording periods.</li> </ul>
2	<p><b>Inventories</b> (Refer to note 07)</p> <p>Inventories represent about 43.66%, of the total assets of the Company; inventories are thus a material item to the financial statements. Please refer to note 07 to the financial statements.</p> <p>As described in the accounting policy note 3.02 to the financial statements, inventories are valued at the lower of the cost or net realizable values. As such, management is required to make judgments in determining whether inventories are being appropriately valued, and also need to make provision for aged inventories, if required.</p> <p>Due to the value and volume of inventories being held by the Company at the reporting date and complexities involved in the accounting and presentation thereof, inventories has been considered as a key audit matter.</p>	<ul style="list-style-type: none"> <li>➤ Tested the operating effectiveness of key controls over inventories; including observing the process of management's year-end inventory count.</li> <li>➤ Verified a sample of inventory items to ensure that costs have been appropriately recorded.</li> <li>➤ Tested on a sample basis the net realizable value by comparing costs to recent selling prices and assessing the reasonableness of any, resulting in write down of inventory items.</li> <li>➤ Assessed whether appropriate provision have been recognized for aged, damaged, slow-moving or obsolete inventories by reviewing the age of inventories held and evaluating management's basis for determining the usability of inventories.</li> <li>➤ Performed cut-off tests to determine that the purchase and sales of the inventories have been considered in correct accounting period.</li> <li>➤ Reviewed the historical accuracy of inventory provision and the level of write downs.</li> </ul>
3	<p><b>Property, Plant and Equipment</b> (Refer to note 4)</p> <ul style="list-style-type: none"> <li>➤ The company has a large number of Property, Plant and Equipment items. In view of availability of latest machinery due to modern technology, the obsolescence &amp; impairment may be noticed in existing machineries.</li> <li>➤ Management has concluded that there is no impairment in respect of all assets. This conclusion required significant management judgment. Hence we considered this to be a key audit matter.</li> </ul>	<p>Our audit procedure in this area included, among others;</p> <ul style="list-style-type: none"> <li>➤ Assessing the consistency of methodologies used for depreciating the assets;</li> <li>➤ Checking on a sample basis, the accuracy and relevance of the accounting of PPE by management; and</li> <li>➤ For selected samples, performing physical observation to assess management's determination on whether the equipment is obsolete, and testing the assumptions used in estimating recoverable amount, such as estimated useful life and replacement cost.</li> </ul> <p>Examine management's periodic review of Property, Plant and Equipment for determination of impairment and obsolescence.</p>

SI.	Key audit matter	How the matter was addressed in our audit matter
4	<p><b>Measurement of Deferred Tax</b> (Refer to note 22.02)</p> <p>The Company recognizes deferred taxes relating to property, plant and equipment, investment in associates and employee benefits (Gratuity), which are very complex in nature.</p> <p>As such accounting for deferred taxes involves management judgment in developing estimates of tax exposures and contingencies in order to assess the adequacy of tax provision. Hence, we considered this to be a key audit matter.</p>	<p>Our audit procedures in this area included, among others.</p> <ul style="list-style-type: none"> <li>➤ Assessing the design, implementation and operating effectiveness of key controls in respect of the company and the process of recognition of deferred taxes.</li> <li>➤ Using our own tax specialists to evaluate the tax bases and company tax strategy.</li> <li>➤ Assessing the accuracy and completeness of deferred tax, and</li> <li>➤ Evaluating the adequacy of the financial statements' disclosures, including disclosures of assumptions, judgments and sensitivities. We involved tax specialists to assess key assumptions, control recognition and measurement of deferred tax liabilities (Assets).</li> </ul>
5	<p><b>Trade Receivables</b> (Refer to note 08)</p> <ul style="list-style-type: none"> <li>➤ Trade receivables is a key audit matter in the audit due to quantum of the trade receivable balance, realization nature of long outstanding invoices and management judgment at the time of impairment test.</li> </ul>	<p>Our audit procedures in this area included among others:</p> <ul style="list-style-type: none"> <li>➤ Obtained trade receivable balance confirmation;</li> <li>➤ Analyzed the aging of trade receivable;</li> <li>➤ Obtained a list of long outstanding receivable and assessed the recoverability of these through inquiry with management and by obtaining sufficient corroborative evidence to support the conclusion.</li> <li>➤ Reviewed subsequent status of receivables.</li> </ul>

#### Other Matter

The financial statements of S. ALAM COLD ROLLED STEELS LIMITED for the year ended 30 June 2020, were audited by Rahman Mostafa Alam & Co. who expressed an unmodified opinion on those statements on 21 October 2020.

#### Reporting on other information

Other information consists of the information included in the Company's 30 June 2021 year ended Annual Report other than the financial statements and our audit report thereon. We obtained the Director's Report, Management Discussion and Analysis, Financial information, and Corporate Governance report prior to the date of our auditor's report, and we expect to obtain the remaining reports of the Annual Report after the date of our auditor's report. Management is responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Based on the work we have performed; we conclude that we have nothing to report in this regard.

#### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements of the Company in accordance with International Financial Reporting Standards (IFRSs), the Companies Act 1994 (amendment in 2020), the Securities and Exchange



Rules, 1987 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### **Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- (a) identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- (c) evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (d) conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- (e) evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide with those charged with governance a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them, all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

We determine those matters, from the matters communicated with those charged with governance, which were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on other legal and regulatory requirements

In accordance with the Companies Act 1994 (amendment in 2020) and the Securities and Exchange Rules, 1987, we also report the following:

- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- ii) in our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of these books and;
- iii) the statement of financial position and statement of Profit or Loss and Other comprehensive income dealt with by the report are in agreement with the books of account and returns.
- iv) the expenditure incurred was for the purposes of the Company's business.

Chattogram, 04 Nov., 2021

For and on behalf of

**Hoda Vasi Chowdhury & Co.**  
**Chartered Accountants**

  
**Showkat Hossain, FCA**

Senior Partner

Enrollment No.: 0137

DVC: 2111040137AS868497

**S.ALAM COLD ROLLED STEELS LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2021**

	Note(s)	30 June 2021 Taka	30 June 2020 Taka
<b>ASSETS &amp; PROPERTIES</b>			
<b>NON CURRENT ASSETS &amp; PROPERTIES</b>			
Property, Plant and Equipment	4.00	1,49,64,72,108	1,58,14,25,718
Right of use asset	5.00	1,45,315	-
Investment	6.00	27,73,57,000	27,73,57,000
		<b>1,77,39,74,423</b>	<b>1,85,87,82,718</b>
<b>CURRENT ASSETS</b>			
Inventories	7.00	7,85,39,13,066	7,31,60,70,206
Trade Receivables	8.00	3,94,25,11,405	3,62,65,17,836
Advances, Deposits and Prepayments	9.00	1,78,66,95,063	2,26,90,64,498
Short Term Investment	10.00	5,93,89,390	4,11,94,897
Short Term Loan to Subsidiary Companies	11.00	2,33,24,43,348	2,06,56,51,731
Cash and Cash Equivalents	12.00	24,12,99,240	40,26,55,977
		<b>16,21,62,51,512</b>	<b>15,72,11,55,145</b>
<b>TOTAL ASSETS &amp; PROPERTIES</b>		<b>17,99,02,25,935</b>	<b>17,57,99,37,863</b>
<b>SHAREHOLDERS' EQUITY &amp; LIABILITIES</b>			
<b>SHAREHOLDERS' EQUITY</b>			
Share Capital	13.00	98,37,11,000	98,37,11,000
Share Premium	13.02	43,39,30,746	43,39,30,746
Retained Earnings	13.03	44,69,81,980	44,85,11,694
		<b>1,86,46,23,726</b>	<b>1,86,61,53,440</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred Tax Liabilities	22.02	27,42,58,955	31,61,46,697
		<b>27,42,58,955</b>	<b>31,61,46,697</b>
<b>CURRENT LIABILITIES</b>			
Trade Creditors	15.00	1,88,47,06,937	4,40,78,96,472
Lease Liabilities for current portion	5.02	1,58,574	-
Short Term Liabilities	16.00	13,47,87,93,676	10,50,96,98,460
Liabilities for Expenses	17.00	2,23,97,285	2,28,97,987
Advance against Sales	18.00	8,13,873	17,51,913
Due to Affiliated Companies	20.00	-	12,11,85,350
Liability against Unclaimed Dividend	21.00	3,70,29,085	3,58,86,679
Provision for Income Tax	22.01	31,12,81,928	17,60,92,184
Provision for Workers' Profit Participation & Welfare Fund	23.00	11,58,61,606	12,16,10,982
Other Liabilities	24.00	3,00,290	6,17,699
		<b>15,85,13,43,254</b>	<b>15,39,76,37,726</b>
<b>TOTAL SHAREHOLDERS' EQUITY &amp; LIABILITIES</b>		<b>17,99,02,25,935</b>	<b>17,57,99,37,863</b>
<b>Net Asset Value Per Share</b>	33.00	<b>18.95</b>	<b>18.97</b>

These financial statements should be read in conjunction with the annexed notes 1 to 52  
and were approved by the Board of Directors on 03.11.2021  
and were signed on its behalf by:


  
**COMPANY SECRETARY**

  
**DIRECTOR**

  
**MANAGING DIRECTOR**

Signed in terms of our separate report of even date annexed

For and on behalf of  
**Hoda Vasi Chowdhury & Co.**  
**Chartered Accountants**

  
**Showkat Hossain, FCA**  
Senior Partner  
Enrollment No.: 0137  
DVC : 2111040137AS868497

Chattogram, 04 Nov, 2021

**S.ALAM COLD ROLLED STEELS LIMITED**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2021**

	Note(s)	30 June 2021 Taka	30 June 2020 Taka
<b>Revenue</b>	25	5,34,82,27,239	4,08,50,01,047
Cost of Sales	26	(4,59,20,55,564)	(3,44,97,08,072)
<b>Gross Profit</b>		<b>75,61,71,675</b>	<b>63,52,92,975</b>
<b>Operating Expenses</b>			
Selling and Distribution Expenses	27	(3,36,545)	(21,63,962)
Office & Administrative Expenses	28	(5,34,95,240)	(4,65,70,334)
		(5,38,31,785)	(4,87,34,296)
<b>Operating Profit</b>		<b>70,23,39,890</b>	<b>58,65,58,679</b>
Finance Expenses	30	(50,89,03,076)	(45,90,07,136)
<b>Profit before Non- Operating Income</b>		<b>19,34,36,814</b>	<b>12,75,51,543</b>
Other Income	29	-	-
Finance Income	31	64,71,987	75,15,015
<b>Net Profit before Tax and WPP and Welfare Fund</b>		<b>19,99,08,801</b>	<b>13,50,66,558</b>
Contribution to WPP and Welfare Fund	23	(99,95,440)	(67,53,328)
<b>Profit before Income Tax</b>		<b>18,99,13,361</b>	<b>12,83,13,230</b>
Income Tax Expenses:			
Current Tax:			
Current Expenses	22.01	(13,51,89,744)	(3,44,33,691)
Deferred Tax Benefit	22.02	4,18,87,742	26,45,287
Prior year tax		-	(3,79,62,700)
		(9,33,02,002)	(6,97,51,104)
<b>Net Profit after Tax for the Year</b>		<b>9,66,11,359</b>	<b>5,85,62,126</b>
<b>Basic Earnings Per Share</b>	32	<b>0.98</b>	<b>0.60</b>

These financial statements should be read in conjunction with the annexed notes 1 to 52  
and were approved by the Board of Directors on 03.11.20212  
and were signed on its behalf by:

  
**COMPANY SECRETARY**

  
**DIRECTOR**

  
**MANAGING DIRECTOR**

Signed in terms of our separate report of even date annexed

Chattogram, 04 Nov, 2021

For and on behalf of  
**Hoda Vasi Chowdhury & Co.**  
**Chartered Accountants**

  
**Showkat Hossain, FCA**  
Senior Partner  
Enrollment No.: 0137  
DVC : 2111040137AS868497

**S.ALAM COLD ROLLED STEELS LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2021**

Particulars	Share Capital Taka	Share Premium Taka	Retained Earnings Taka	Total Equity Taka
<b>Balance as on 01 July 2020</b>	98,37,11,000	43,39,30,746	44,85,11,694	1,86,61,53,440
Cash dividend paid for the year 2019 - 2020	-	-	(9,83,71,100)	(9,83,71,100)
Net Profit after tax for the year 2020- 2021	-	-	9,66,11,359	9,66,11,359
Adjustment for adoption of IFRS 16-Lease	-	-	2,30,027	2,30,027
<b>Balance as on 30 June 2021</b>	<b><u>98,37,11,000</u></b>	<b><u>43,39,30,746</u></b>	<b><u>44,69,81,980</u></b>	<b><u>1,86,46,23,726</u></b>
<b>Balance as on 01 July 2019</b>	98,37,11,000	43,39,30,746	48,83,20,668	1,90,59,62,414
Cash dividend paid for the year 2018 - 2019	-	-	(9,83,71,100)	(9,83,71,100)
Net Profit after tax for the year 2019 - 2020	-	-	5,85,62,126	5,85,62,126
<b>Balance as on 30 June 2020</b>	<b><u>98,37,11,000</u></b>	<b><u>43,39,30,746</u></b>	<b><u>44,85,11,694</u></b>	<b><u>1,86,61,53,440</u></b>
<b>Note(s)</b>	<b>13.00</b>	<b>13.02</b>	<b>13.03</b>	

These financial statements should be read in conjunction with the annexed notes 1 to 52  
and were approved by the Board of Directors on 03.11.2021  
and were signed on its behalf by:

  
**COMPANY SECRETARY**

  
**DIRECTOR**

  
**MANAGING DIRECTOR**

**S.ALAM COLD ROLLED STEELS LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

	Note(s)	30 June 2021 Taka	30 June 2020 Taka
<b>Cash flows from operating activities</b>			
Cash Received from Customers	37.01	5,03,12,95,630	4,66,10,83,442
Cash Paid to Suppliers	37.02	(6,86,32,64,514)	(3,48,48,82,332)
Cash Paid to Employees	37.03	(13,76,80,291)	(14,24,55,226)
Cash Paid for Operating Expenses	37.04	(15,10,435)	(37,48,500)
Payment of Advance Income Tax	37.05	(13,51,89,744)	(20,44,11,283)
Payment for WPP & WF	37.06	(1,80,37,458)	(1,31,58,297)
Advance Tax Refund	37.07	-	9,40,36,630
<b>Net Cash Inflow/(Outflow) from Operating Activities (A)</b>	35.00	<b>(2,12,43,86,812)</b>	<b>90,64,64,434</b>
<b>Cash Flows from Investing Activities</b>			
Acquisition of Property, Plant And Equipment	37.08	(25,50,473)	(1,53,52,410)
Short Term Loan to Subsidiary Companies	37.09	(26,67,91,617)	(1,12,14,97,351)
Investment in Fixed Deposit Receipt	37.10	(1,81,94,493)	(22,72,079)
Interest Received from Fixed Deposit Receipt	37.11	64,71,987	75,15,015
<b>Net Cash Inflow/(Outflow) from Investing Activities (B)</b>		<b>(28,10,64,596)</b>	<b>(1,13,16,06,825)</b>
<b>Cash flows from financing activities</b>			
Proceeds from / (Repayment of) Long Term Loan	37.12	-	(41,20,41,354)
Proceeds / (Repayment of) from Short Term Loan	37.13	2,96,90,95,215	1,35,46,20,331
Proceeds from / (Repayment to) Affiliated Companies	37.14	(12,11,85,350)	11,81,20,000
Dividend Paid	37.15	(9,72,28,694)	(9,72,93,444)
Cash Paid for Financial Expenses	37.16	(50,65,86,501)	(44,89,83,933)
<b>Net Cash Inflow/(Outflow) from Financing Activities (C)</b>		<b>2,24,40,94,670</b>	<b>51,44,21,600</b>
<b>Net Increase/(Decrease) of Cash And Cash Equivalents for the Year (A+B+C)</b>		(16,13,56,738)	28,92,79,209
Cash and Cash Equivalents at the Beginning of the Year		40,26,55,977	11,33,76,768
<b>Cash and Cash Equivalents at the End of the Year</b>	12.00	<b>24,12,99,240</b>	<b>40,26,55,977</b>
<b>Net Operating Cash Flow Per Share</b>	34.00	(21.60)	9.21

These financial statements should be read in conjunction with the annexed notes 1 to 52  
and were approved by the Board of Directors on 03.11.2021  
and were signed on its behalf by:

  
**COMPANY SECRETARY**

  
**DIRECTOR**

  
**MANAGING DIRECTOR**

**S. ALAM COLD ROLLED STEELS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS AT AND FOR THE YEAR ENDED 30 JUNE 2021**

**1.00 BACKGROUND AND INFORMATION**

**1.01 Formation and Legal Status**

S. Alam Cold Rolled Steels Limited is a public company limited by shares is domiciled in Bangladesh. The address of the company's registered office is S. Alam Bhaban, 2119 Asadgonj, Chattogram, Bangladesh. The Company was formed and incorporated with the Registrar of Joint Stock Companies and Firms in Bangladesh on December 12, 2000 vide the certificate C-No 3842 of 2000 under Companies Act (Act XVIII) of 1994 as a public company limited by share. The company's share were listed with Dhaka Stock Exchange and Chittagong Stock Exchange. Trading of the shares of the company started in two stock exchanges from 16 May 2006.

**1.02 Nature of the business**

The main activity of the company is to manufacture and sell high quality Cold Rolled Steel Strips (CR Strips) in the form of coils and sheets, CI sheets and GP sheets. The company has set up its factory on 12.02 acres of land at Kalarpool, Shikalbaha, Patiya, Chattogram, Bangladesh.

The company commenced commercial production of CR Strips plant from 16 February 2004 with an approved annual capacity of 120,000 MT and NOF Plant of GP and CI Sheets from 11 July 2013 with an annual capacity of 72,000 M Tons.

**2.00 BASIS OF PREPARATION**

**2.01 Statement of compliance**

The financial statements have been prepared in accordance with the International Accounting Standards (IAS), International Financial Reporting Standards (IFRS) and applicable sections of Companies Act 1994 and the Securities and Exchange Rules 1987.

**2.02 Basis of Reporting**

The financial statements are prepared and presented to external users by the company in accordance with the identified financial reporting framework. The presentation has been made in compliance with the requirements of IAS 1- "Presentation of Financial Statements". The financial statements comprise of:

- i) Statement of financial position as at 30 June 2021
- ii) Statement of profit or loss and other comprehensive income for the year ended 30 June 2021
- iii) Statement of changes in equity for the year ended 30 June 2021
- iv) Statement of cash flows for the year ended 30 June 2021
- v) Notes, comprising a summary of significant accounting policies and explanatory information.

**2.03 Date of authorization**

The Board of Directors has authorized these financial statements on 03 November 2021

**2.04 Regulatory compliance**

The company is required to comply with amongst others, the following laws and regulations:

- (i) The Companies Act 1994;
- (ii) The Securities and Exchange Ordinance 1969;
- (iii) The Securities and Exchange Rules 1987;
- (iv) The Income Tax Ordinance 1984;
- (v) The Income Tax Rules 1984;
- (vi) The Value Added Tax Act 2012;

- (vii) The Value Added Tax Rules 2012;
- (viii) The Listing Regulations of Dhaka Stock Exchange (DSE);
- (ix) The Listing Regulations of Chittagong Stock Exchange (CSE);
- (x) Bangladesh Labour Act 2006 etc.

#### **2.05 Accounting convention and assumption**

These financial statements have been prepared on going concern basis under the historical cost convention method.

#### **2.06 Functional and presentation currency**

The financial statements are expressed in Bangladesh Taka which is both functional currency and reporting currency of the Company. The figures of financial statements have been rounded off to the nearest Taka.

#### **2.07 Statement of Cash flows**

Statement of Cash Flows is prepared principally in accordance with IAS 7 "Statement of Cash Flows" and the cash flow from the operating activities have been presented under direct method and reconciliation of net income or net profit with cash flows from operating activities making various adjustments as per prescribed by Securities and Exchange Rules, 1987. A reconciliation of Net Profit with cash flows from operating activities making adjustments for non-cash items, for non-operating items and for net changes in operating accruals as per requirement of Securities & Exchanges Rules 1987.

#### **2.08 Use of estimates and judgments**

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates and underlying assumptions, which are reviewed on an ongoing basis. Revision to accounting estimates is recognized in the period in which the estimates are revised and in any future periods affected.

#### **2.09 Comparative information**

Comparative information has been disclosed in respect of the year 2019-2020 for all numeric information in the Financial Statements and also the narrative and descriptive information where it is relevant for understanding of the current years Financial Statements.

##### **Re-arrangement**

Comparative figures have been rearranged wherever considered necessary to ensure better comparability with the current period without causing any impact on the profit and value of assets and liabilities as reported in the financial statements.

#### **2.10 Going concern**

The company has adequate resources to continue in operation for foreseeable future and hence, the financial statements have been prepared on going concern basis. As per management assessment there are no material uncertainties related to events or conditions which may have significant doubt upon the Company's ability to continue as a going concern.

#### **2.11 Reporting period**

The financial statements of the Company cover one financial year from 01 July 2020 to 30 June 2021 for all reported periods.

### **3.00 SIGNIFICANT ACCOUNTING POLICIES**

The financial statements have been prepared in compliance with requirement of International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) as applicable in Bangladesh. The following IAS and IFRS are applicable for the financial statements for the year under audit:

IAS-01	Presentation of Financial Statements
IAS-02	Inventories
IAS-07	Statement of Cash Flows
IAS-08	Accounting Policies, Changes in Accounting Estimates and Errors



IAS-10	Events after the Reporting Period
IAS-12	Income Taxes
IAS-16	Property, Plant and Equipment
IAS-19	Employee benefits
IAS-21	The effects of Changes in Foreign Exchange Rates
IAS-23	Borrowing Costs
IAS-24	Related Party Disclosures
IAS-26	Accounting and Reporting by Retirement Benefit Plans
IAS-32	Financial Instrument: Presentation
IAS-33	Earnings per share
IAS-36	Impairment of Assets
IAS-37	Provisions, Contingent Liabilities and Contingent Assets
IFRS-05	Non-current Assets Held for Sale and Discontinued Operations
IFRS-07	Financial Instrument: Disclosure
IFRS-15	Revenue from Contracts with Customers
IFRS-16	Lease

### **3.01 Property, plant and equipment**

Items of property, plant and equipment are stated at cost less accumulated depreciation thereon.

#### **3.01.01 Recognition and measurement**

The cost of an item of property, plant and equipment comprises its purchase price, import duty and non-refundable taxes (after deducting trade discount and rebates) and any other cost directly attributable to the acquisition of the assets. The cost of self constructed/installed assets includes the cost of materials, direct labour and any other costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the intended manner and the cost of dismantling and removing the items and restoring the site on which they are located.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment and is recognized in profit or loss.

#### **3.01.02 Subsequent costs**

The cost of replacing or upgrading part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are expensed as incurred.

#### **3.01.03 Depreciation**

Items of property, plant and equipment are depreciated from the date they are available for use or in respect of self constructed assets, from the date that the asset is completed and ready for use. Significant parts of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is calculated on diminishing balance method over the estimated useful lives of each parts of property, plant and equipment. Depreciation is generally recognized in profit or loss unless the amount is included in the carrying amount of another assets. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the company will obtain ownership by the end of the lease term. Land and Land Development is not depreciated. Depreciation is charged on addition when the assets are available for use or ready for use or from date of acquisition. In case of disposal of fixed asset, depreciation is charged up to date of disposal. The principal annual rates are as follows.

<b>Assets</b>	<b>Rates (%)</b>
Land and land development	Nil
Internal Road and Embankment	10% - 20%
Buildings	5% - 10%
Plant and Machinery	10%
Equipment and appliances	10%
Furniture and Fixtures	10%
Lifting Crane and Jetty Construction	15%
Coil Cart	10%
Motor Vehicle	20%
Interior Decoration	15%

Depreciation on following assets has been calculated on the basis of capacity utilization of capital machinery:

<b>Particulars</b>	<b>Capacity Utilization</b>	
	<b>CR Coil Plant</b>	<b>NOF Plant</b>
Factory Building (including Leased Assets)	76.25%	54.86%
Capital Machinery	76.25%	54.86%
Factory equipment	76.25%	54.86%
Generator	76.25%	54.86%
Work Roll	76.25%	54.86%
Luffing Crane and Jetty construction	76.25%	54.86%
Coil Cart	76.25%	54.86%

Depreciation methods, useful lives and residual values are reassessed at the reporting date and adjusted if appropriate.

### 3.02 Inventories

Inventories are measured at lower of cost and net realizable value. The cost of inventories is calculated based on the weighted average method and includes expenditure incurred in acquiring these inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition in accordance with IAS-2. In case of manufactured inventories and work-in-process, cost includes an appropriate share of production overheads based on normal operating capacity. Details of valuation methods are stated below:

<b>Category</b>	<b>Valuation</b>
Finished Goods	Finished Goods are valued at Cost or Net Realizable Value whichever is lower.
Work-in-process	At Prime cost + Proportionate Factory Overhead.
Raw materials	Based on weighted average method.
Raw Materials (Inbond items)	At Book Value.
Store items	Based on weighted average method.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and selling expenses.

Stock in transit represents the cost incurred up to the reporting date against the items that were not received at factory till that date.

### 3.03 Revenue Recognition

"Revenue has been recognized in accordance with the guideline of IFRS 15.

The core principle of IFRS 15 is that an entity will recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is delivered in a five-step model framework:

- Identify the contract(s) with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognize revenue when (or as) the entity satisfies a performance obligation.

The Company sells CR Coil, C.I Sheet and G.P Sheet to its customers. Revenue is recognized when the entity satisfies a performance obligation by transferring the goods to customers at an agreed transaction price."

### **3.04 Trade receivables**

Trade receivables are initially recognized at cost which is the fair value of the consideration given in return. After initial recognition, these are carried at cost less impairment losses, if any, due to un-collectability of any amount so recognized.

There is no fixed company policy regarding provision for impairment loss on debtors if, any receivables are not realized within the credit period.

### **3.05 Transactions with Affiliated companies**

These represents balance amounts due to/from affiliated companies which are derived from short term loan, short term financial arrangement availed from/paid to affiliated companies as and when required to meet working capital and sale of goods from time to time. These balances are unsecured but considered good and realizable.

### **3.06 Advances, deposits and prepayments**

Advances are initially measured at cost. After initial recognition, advances are carried at cost less deductions, adjustments or charges to other account heads such as property, plant and equipment, inventory or expenses.

Deposits are measured at payment value.

Prepayments are initially measured at cost. After initial recognition, prepayments are carried at cost less charges to profit or loss.

### **3.07 Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short term fixed deposits with banks.

### **3.08 Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### **Non-derivative financial assets**

The Company initially recognizes loans and receivables on the date that they are originated. All other financial assets are recognized initially on the date at which the company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial assets are transferred.

Non-derivative financial assets are classified into the following categories: financial assets at fair value through profit or loss, held to maturity financial assets, loans and receivables and available-for-sale financial assets.

#### **Financial assets at fair value through profit or loss**

A financial asset is classified as at fair value through profit or loss if it is classified as held for trading or is designated as such on initial recognition. Financial assets are designated as at fair value through profit or loss if the company manages such investment and makes purchase or sale decisions based on their fair value in accordance with the company's documented risk management or investment strategy. Attributable transactions costs are recognized in profit and loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein which take into account and dividend income are recognized in profit or loss.

### **Held-to-maturity financial assets**

If the company has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held-to-maturity. Held-to-maturity financial assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortized cost using the effective interest method, less any impairment losses.

### **Loans and receivables**

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, loans and trade and other receivables.

#### **(a) Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand, cash at bank which are available for use by the company without any restriction.

#### **(b) Trade receivables**

Trade receivables represent the amounts due from customers for delivering goods or rendering services. Trade receivables are initially recognized at cost which is the fair value of the consideration given in return. After initial recognition these are carried at amortized cost less impairment losses due to un-collectability of any amount so recognized.

### **Available-for-sale financial assets**

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale and are not classified in any other categories of financial assets. Generally available-for-sale financial assets are recognized initially at fair value plus any directly attributable transaction costs and subsequent to initial recognition at fair value and changes therein other than impairment losses are recognized in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognized the gain or loss accumulated in equity is reclassified to profit or loss.

Available-for-sale financial assets comprise equity securities and debt securities.

### **Non-derivative financial liabilities**

The company initially recognizes financial liabilities on the date that are originated.

The company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

The company classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognized initially at fair value less directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, bank overdrafts and trade and other payables.

#### **(a) Share capital (ordinary shares)**

Ordinary shares are classified as equity.

#### **(b) Trade and other payables**

Trade and other payables represent the amounts due to customers for receiving goods or services. Trade and other payables are initially recognized at cost which is the fair value of the consideration. After initial recognition these are carried at amortized cost.

#### **(c) Other liabilities**

Other liabilities represents the amounts due to various parties for receiving services. These are initially recognized at cost which is the fair value. After initial recognition these are carried at amortized cost.

### **3.09 Borrowing Cost**

Interest and other costs incurred by the company in connection with the borrowing of funds are recognized as an expense in the period in which they are incurred unless such borrowing cost relates to acquisition / construction of assets in progress that are capitalized as per IAS-23 "Borrowing Costs".

### **3.10 Employee benefit schemes**

Currently, the company have gratuity and termination benefit scheme, but has a plan to create a provident fund in which both company and employees will contribute an equal amount.

### **3.11 Workers' profit participation fund**

Appropriate provision has been made for Workers' Profit Participation Fund and Workers' Welfare Fund as per provisions of law.

### **3.12 Provisions and contingencies**

A provision is recognized in the financial statements if, as a result of a past event, the company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefit will be required to settle the obligation.

Contingencies arising from claim, lawsuit, etc. are recorded when it is possible that a liability has been incurred and the amount can reasonably be measured.

### **3.13 Earnings Per Share (EPS)**

#### **Basic Earnings:**

This represents profit for the year attributable to ordinary shareholders. As there is no preference shares, non-controlling interest or extra ordinary items, the net profit after tax for the year has been considered fully attributable to the ordinary shareholders (refer to Note- 32.00 to the Financial Statements).

#### **Diluted Earnings per share:**

No diluted earnings per share is required to be calculated for the year as there is no scope for dilution during the year under audit.

### **3.14 Finance income and finance costs**

Finance income comprises interest income on funds invested that are recognized in profit or loss.

Finance costs comprise interest expenses on borrowing that are recognized in profit or loss as and when incurred.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized using the effective interest method.

### **3.15 Foreign currency transactions**

Transactions in foreign currencies are translated to the functional currency (BDT) at exchange rates at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies at reporting date are re-translated into Bangladesh Taka at the exchange rates ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies, stated at historical cost, are translated into Bangladesh Taka at the exchange rate ruling at the date of transaction. Foreign exchange differences arising on retranslation are recognized in profit or loss.

### **3.16 Income tax expenses**

Tax expenses comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss to the extent it relates to items recognized directly in equity or in other comprehensive income.

#### **Current tax:**

The Company was allowed tax holiday for the period of five years from the month of commencement of commercial production i.e. 01 February 2004 vide National Board of Revenue's Order ref. 11(398) Anu – 1/2004/7364(2) dated 24.07.2004. The period of tax holiday of the Company expired on 31 January 2009. Current tax is the expected tax payable on the taxable income or loss for the year, using the tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous year.

#### **Deferred tax:**

Deferred tax is recognized in compliance with IAS 12: Income taxes, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amount used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the authority on the same taxable entity.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

### **3.17 Impairment**

#### **Non-derivative financial assets**

Financial assets are impaired if objective evidence indicates that a loss event has occurred after initial recognition of the assets and that the loss event had a negative effect on the estimated future cash flows of that assets that can be estimated reliably.

## Non financial assets

The carrying amounts of the company's property, plant and equipments are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the property, plant and equipment's recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses, if any, are recognized in the profit or loss.

### 3.18 Right of use asset

The Company has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17.

#### Policy applicable from 1 July 2019

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16. This policy is applied to contracts entered into, on or after 01 January 2019.

#### As a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

### Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

#### Policy applicable before 1 July 2019

All the lease transactions have been classified based on the extent to which risks and rewards incidental to ownership of the assets lie with the lessor or lessee. According to this classification, all the Company's lease transactions have been identified as operating lease as per IAS 17: Leases based on the substance of the transactions, not merely on the legal form.

#### 3.19 Segment reporting

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, head office expenses and tax assets and liabilities.

#### 3.20 Events after the reporting period

Events after the reporting period that provide additional information about the company's position at the date of statement of financial position or those that indicate the going concern assumption is not appropriate are reflected in the financial statements. Events after reporting period that are not adjusting events are disclosed in the notes when material.

#### 3.21 New Standards and interpretations

All new standards and interpretations adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) during the period beginning on or after 01 July 2019, which have significant effect on the financial statements of the company are duly complied with.

	30 June 2021 Taka	30 June 2020 Taka
<b>4.00 Property, Plant And Equipment</b>		
<b>A. Cost</b>		
Opening Balance	2,86,83,18,216	2,85,29,65,806
Addition during the year	25,50,473	1,53,52,410
	2,87,08,68,689	2,86,83,18,216
Deletion during the year	-	-
<b>Total Cost</b>	<b>2,87,08,68,689</b>	<b>2,86,83,18,216</b>
<b>B. Accumulated Depreciation</b>		
Opening Balance	1,28,68,92,498	1,21,51,24,574
Charged during the year	8,75,04,081	7,17,67,924
	<b>1,37,43,96,579</b>	<b>1,28,68,92,498</b>
Adjustments during the year	-	-
<b>Total Depreciation</b>	<b>1,37,43,96,579</b>	<b>1,28,68,92,498</b>
<b>Written Down Value (WDV) as on 30 June (A-B)</b>	<b>1,49,64,72,108</b>	<b>1,58,14,25,718</b>

Detail of Property, Plant & Equipment and Depreciation as on 30 June 2021 are shown in the notes 4.1.

#### 4.01 Property, plant and equipment - at cost less Accumulated Depreciation

Assets' Category	Cost				Depreciation Rate (%)	Depreciation		Carrying Amount as on 30 June 2021
	Opening Balance as on 01 July 2020	Addition	Disposal/Adjustment	Closing Balance as on 30 June 2021		Charged for the year	Adjustment for the year	
	Taka	Taka	Taka	Taka		Taka	Taka	
<b>A. Land and land development:</b>								
Land-Freehold (12.02 Acres)	4,90,46,490	-	-	4,90,46,490	-	-	-	4,90,46,490
Land Development	2,14,16,417	-	-	2,14,16,417	-	-	-	2,14,16,417
	<b>7,04,62,907</b>			<b>7,04,62,907</b>				<b>7,04,62,907</b>
<b>B. Building:</b>								
Factory Building (Including Leased Assets)	30,43,68,680	-	-	30,43,68,680	5%	69,11,414	12,99,97,093	17,43,71,587
Factory Building (NOF Plant)	26,33,21,958	-	-	26,33,21,958	5%	2,36,39,677	3,02,14,162	23,31,07,796
Internal Road and Drainage	35,06,580	-	-	35,06,580	10%	28,08,536	28,78,340	6,28,240
Embankment	4,66,60,074	-	-	4,66,60,074	20%	4,39,25,636	4,44,72,524	21,87,550
General Building	3,33,21,203	-	-	3,33,21,203	5%	1,87,64,617	1,94,92,446	1,38,28,757
Coil Ware House	54,67,518	-	-	54,67,518	10%	43,85,636	44,93,824	9,73,694
	<b>65,66,46,013</b>			<b>65,66,46,013</b>		<b>1,49,38,608</b>	<b>23,15,48,389</b>	<b>42,50,97,624</b>
<b>C. Plant and machinery</b>								
Capital Machinery	1,23,35,17,738	-	-	1,23,35,17,738	10%	80,64,26,931	83,89,92,605	39,45,25,133
Capital Machinery (NOF Plant)	62,65,94,801	-	-	62,65,94,801	10%	10,30,03,802	13,17,28,004	49,48,66,797
	<b>1,86,01,12,539</b>			<b>1,86,01,12,539</b>		<b>90,94,30,733</b>	<b>97,07,20,609</b>	<b>88,93,91,930</b>
<b>D. Equipment and appliances:</b>								
Factory Equipment	2,26,91,689	-	-	2,26,91,689	10%	1,14,68,035	1,23,23,839	1,03,67,850
Factory Equipment (NOF Plant)	1,26,30,428	23,14,352	-	1,49,44,780	10%	7,32,970	14,91,411	1,34,53,369
Hydrogen Generation System Plant (NOF Plant)	4,56,55,744	-	-	4,56,55,744	10%	23,33,801	47,10,443	4,09,45,301
Office Equipment	16,86,903	17,191	-	17,04,094	10%	10,74,909	11,21,832	5,82,262
Guest House Equipment	15,92,145	-	-	15,92,145	10%	12,51,615	34,053	3,06,477
Computer	33,28,108	2,18,930	-	35,47,038	10%	20,77,188	1,35,727	13,34,123
Air Conditioners	73,35,797	-	-	73,35,797	10%	39,21,056	3,41,474	30,73,267
Air Conditioners (NOF Plant)	4,66,888	-	-	4,66,888	10%	4,77,61	89,674	3,77,214
Generator	12,40,000	-	-	12,40,000	10%	8,46,072	39,393	8,85,465
Electric Line Installation	31,75,374	-	-	31,75,374	10%	24,09,205	76,617	24,85,822
Electric Line Installation (NOF Plant)	1,28,51,881	-	-	1,28,51,881	10%	65,35,058	3,46,541	68,81,599
Gas Line Installation	45,69,154	-	-	45,69,154	10%	35,68,988	1,00,017	36,69,005
Fire Extinguisher	58,100	-	-	58,100	10%	47,512	1,059	48,571
Telephone Line Installation	3,98,527	-	-	3,98,527	10%	3,24,627	7,390	3,32,017
Grinding Wheel	1,34,666	-	-	1,34,666	10%	1,10,562	2,410	1,12,972
Water Tank	1,13,500	-	-	1,13,500	10%	93,231	2,027	95,258
Work Roll	15,93,025	-	-	15,93,025	10%	10,86,943	50,608	11,37,551
Radiolink and Networking (Factory)	4,33,880	-	-	4,33,880	10%	2,67,454	16,643	2,84,097
Tools and Tackles	1,21,238	-	-	1,21,238	10%	97,676	1,797	99,473
	<b>12,00,77,047</b>	<b>25,50,473</b>		<b>12,26,27,520</b>		<b>3,82,94,663</b>	<b>52,35,479</b>	<b>7,90,97,378</b>
<b>E. Furniture and Fixtures</b>								
Furniture and Fixtures	42,95,265	-	-	42,95,265	10%	28,20,748	1,47,452	29,68,200
Furniture and Fixtures (NOF Plant)	5,12,803	-	-	5,12,803	10%	1,82,519	33,028	2,15,547
	<b>48,08,068</b>			<b>48,08,068</b>		<b>30,03,267</b>	<b>1,80,480</b>	<b>16,24,321</b>
<b>F. Luffing Crane and Jetty Construction</b>								
G. Coil Cart	5,49,48,213	-	-	5,49,48,213	15%	4,37,06,978	12,85,716	4,49,92,694
H. Motor vehicles	93,15,746	-	-	93,15,746	10%	54,08,575	2,97,922	57,06,497
I. Interior Decoration	8,77,77,587	-	-	8,77,77,587	20%	6,67,85,141	41,98,489	7,09,83,630
	41,70,096	-	-	41,70,096	15%	36,53,361	77,510	37,30,871
	<b>15,62,11,642</b>			<b>15,62,11,642</b>		<b>11,95,54,055</b>	<b>58,59,637</b>	<b>3,07,97,950</b>
<b>30 June 2021</b>	<b>2,86,83,18,216</b>	<b>25,50,473</b>		<b>2,87,08,68,689</b>		<b>1,28,68,92,498</b>	<b>8,75,04,081</b>	<b>1,37,43,96,580</b>
<b>30 June 2020</b>	<b>2,85,29,65,806</b>	<b>1,53,52,410</b>		<b>2,86,83,18,216</b>		<b>1,21,51,24,574</b>	<b>7,17,67,924</b>	<b>1,28,68,92,498</b>
<b>Depreciation allocated to:</b>								
Cost of Sales	26			26	75%	6,56,28,061		5,38,25,943
Office & Administrative Expenses	28			28	25%	2,18,76,020		1,79,41,981
					<b>100%</b>	<b>8,75,04,081</b>		<b>7,17,67,924</b>



	30 June 2021 Taka	30 June 2020 Taka
<b>5.00 Right of use assets</b>		
<b>A. Cost</b>		
<b>Opening Balance</b>	-	-
Adjustment for adoption of IFRS 16	5,32,823	-
Adjusted opening balance	5,32,823	-
Less: Deletion during the year	-	-
<b>Closing Balance</b>	5,32,823	-
<b>B. Accumulated Depreciation</b>		
<b>Opening Balance</b>	-	-
Prior year Adjustment	1,93,754	-
<b>Adjusted Opening Balance</b>	1,93,754	-
Add: Depreciation for the year	1,93,754	-
	<b>3,87,508</b>	-
Less : Adjustments during the year	-	-
<b>Closing Balance</b>	<b>3,87,508</b>	-
<b>Written Down Value (WDV) [A-B]</b>	<b>1,45,315</b>	-
<b>The Make-up Cost</b>	5,32,823	-
Additions	-	-
Disposals/transfers	-	-
<b>Balance at 30 June 2021</b>	5,32,823	-
<b>5.01 Accumulated depreciation/ Amortization</b>		
Balance at 01 July 2020	-	-
Prior year Adjustment	1,93,754	-
Restated Balance at 01 July 2020	1,93,754	-
Depreciation/Amortization for the period	1,93,754	-
Adjustment for disposals/transfers	-	-
	3,87,508	-
<b>Balance as on 30 June 2021</b>	1,45,315	-
<b>5.02 Lease Liabilities</b>		
<b>Opening Balance</b>		-
Adjustment for Adoption of IFRS-16	5,32,823	-
Adjusted Opening Balance	5,32,823	-
Adjustment for Interest Expenses- Adoption of IFRS-16	40,700	-
Add/(less):Prior year adjustment for adoption of IFRS-16	(2,19,441)	-
<b>Adjusted Opening Balance as on 01 July 2020</b>	3,54,082	-
Add:Addition during the year (Interest)	23,933	-
	<b>3,78,015</b>	-
Less:Paid/Adjusted during the year	(2,19,441)	-
<b>Closing Balance</b>	<b>1,58,574</b>	-
Non-current portion		
Current portion		
<b>Closing Balance As on 30 June 2021</b>	<b>1,58,574</b>	-

	Note(s)	30 June 2021 Taka	30 June 2020 Taka
<b>6.00 Investment</b>			
S. Alam Power Generation Limited		27,73,57,000	27,73,57,000
		<b>27,73,57,000</b>	<b>27,73,57,000</b>

**6.01** The Company holds 70.204% shares of S. Alam Power Generation Limited.

**6.02** The Company got allotment of 2,773,570 shares of Tk. 100 each of S. Alam Power Generation Limited.

**6.03** As per Audited Financial Position as on 30 June 2021 Net Asset Value (NAV) per share of S. Alam Power Generation Limited. is Tk. 100.92 (30 June 2020 : Tk. 104.54).

**6.04** The Captive Power Plant, a subsidiary of the company, commenced commercial operation on 28th August 2016 but could not continue due to high cost of production of electricity per unit.

**7.00 Inventories**

Raw Materials	7.01	2,97,53,33,891	3,74,04,91,498
Raw Materials-in-Bond items		64,33,38,680	1,46,26,55,238
Work-in-Process	7.02	78,42,68,640	79,12,64,821
Finished Goods	7.03	1,03,41,22,597	76,30,11,878
Stores and Spares		27,24,96,840	25,65,18,355
Stock-in-transit		2,14,43,52,418	30,21,28,416
		<b>7,85,39,13,066</b>	<b>7,31,60,70,206</b>

7.01 Raw materials	30 June 2021		30 June 2020	
	Qty. (MT)	Taka	Qty. (MT)	Taka
H.R Coil	12,416.26	62,41,25,528	30,061.02	1,46,72,98,217
Hydrochloric Acid	4,657.01	2,76,47,615	5,271.99	3,21,91,734
TIN Ingot	36.05	7,45,86,824	32.85	6,77,15,730
ZINC Ingot	8,012.37	2,11,17,68,050	7,401.28	2,03,95,98,675
LEAD Ingot	527.84	11,73,11,800	532.94	11,84,44,820
ZINC Alloy	25.83	68,33,013	17.85	45,51,189
Antimony Ingot	2.70	22,49,496	-	-
Chromic Acid	36.50	1,08,11,565	33.30	1,06,91,133
		<b>2,97,53,33,891</b>		<b>3,74,04,91,498</b>

	30 June 2021 Taka	30 June 2020 Taka
<b>7.02 Work-in-Process</b>		
CR Coil	37,45,69,840	30,67,35,856
NOF	40,96,98,800	48,45,28,965
	<b>78,42,68,640</b>	<b>79,12,64,821</b>
<b>7.03 Finished Goods</b>		
CR Coil	44,56,60,984	34,32,97,701
C.I & GP Sheet	58,84,61,613	41,97,14,177
	<b>1,03,41,22,597</b>	<b>76,30,11,878</b>

	Note(s)	30 June 2021 Taka	30 June 2020 Taka
<b>8.00 Trade Receivables</b>			
Against CR Coil	8.01	1,89,02,57,481	1,72,01,10,983
Against C.I and G.P Sheet		3,92,11,903	8,63,22,091
Others		2,01,30,42,021	1,82,00,84,762
		<b>3,94,25,11,405</b>	<b>3,62,65,17,836</b>
<b>8.01 Against CR Coil</b>			
Chemon Ispat Limited		1,46,58,66,325	1,33,16,92,980
S. Alam Steels Limited		42,43,91,156	38,17,18,776
Galco Steels (Bangladesh) Ltd.		-	66,99,227
		<b>1,89,02,57,481</b>	<b>1,72,01,10,983</b>

The directors believe that above receivables are good and fully realisable. Hence, no provision is required at this stage.

<b>9.00 Advances, Deposits and Prepayments</b>			
Advances	9.01	1,68,61,29,431	2,23,05,36,476
Deposits	9.02	1,62,75,693	1,62,75,693
Prepayments	9.03	8,42,89,939	2,22,52,329
		<b>1,78,66,95,063</b>	<b>2,26,90,64,498</b>
<b>9.01 Advances</b>			
Against Supply of Goods		753,107,481	1,414,828,665
Against Salary		1,590,000	2,443,000
Bank Guarantee Margin		66,854,824	65,609,951
Advance Income Tax	9.01.01	537,979,371	402,789,627
VAT current account *		324,374,710	342,717,836
Supplementary Tax Current A/C		164,674	164,674
Others		2,058,371	1,982,723
		<b>1,686,129,431</b>	<b>2,230,536,476</b>

\* Company maintained sufficient fund in VAT current accounts in order to meet any unforeseen VAT claim.

<b>9.01.01 Advance Income Tax</b>			
Opening Balance		402,789,627	332,877,674
Paid During the year		135,189,744	204,411,283
		<b>537,979,371</b>	<b>537,288,957</b>
Adjusted with advance Income Tax		-	(2,500,000)
		<b>537,979,371</b>	<b>534,788,957</b>
Prior year Tax adjustment		-	(37,962,700)
		<b>537,979,371</b>	<b>496,826,257</b>
Advance Income Tax Refund		-	(94,036,630)
		<b>537,979,371</b>	<b>402,789,627</b>

	Note(s)	30 June 2021 Taka	30 June 2020 Taka	
<b>9.02 Deposits</b>				
Chittagong City Corporation		4,096,232	4,096,232	
Chittagong Palli Bidyut Samity-1		7,038,000	7,038,000	
Karnaphuli Gas Distribution Co. Ltd.		2,188,403	2,188,403	
Bangladesh Telecommunications Company Limited (BTCL)		6,600	6,600	
Grameen Phone (BD) Limited (For mobile)		20,000	20,000	
Ansar, VDP		32,331	32,331	
Central Depository Bangladesh Limited		500,000	500,000	
VAT Account for Appeal fee		2,394,127	2,394,127	
		<b>16,275,693</b>	<b>16,275,693</b>	
<b>9.03 Prepayments</b>				
Insurance		910,597	-	
Internet Service		-	34,314	
Interest on MPI		83,379,342	22,218,015	
		<b>84,289,939</b>	<b>22,252,329</b>	
<b>10.00 Short Term Investment</b>				
<i>Name of Banks</i>				
<b>Fixed Deposit Receipts:</b>				
Islami Bank Bangladesh Limited		43,269,808	41,194,897	
Janata Bank Ltd.		16,119,582	-	
		<b>59,389,390</b>	<b>41,194,897</b>	
<b>11.00 Short Term Loan to Subsidiary Companies</b>				
S. Alam Power Generation Limited		2,332,443,348	2,065,651,731	
		<b>2,332,443,348</b>	<b>2,065,651,731</b>	
<b>12.00 Cash and Cash Equivalents</b>				
Cash in Hand	12.01	39,162	63,488	
Cash at Banks	12.02	241,260,078	402,592,489	
		<b>241,299,240</b>	<b>402,655,977</b>	
<b>12.01 Cash in Hand</b>				
Head Office & Liasion Office		31,572	63,458	
Factory Office		7,590	30	
		<b>39,162</b>	<b>63,488</b>	
<b>12.02 Cash at Banks</b>				
<b>Bank</b>	<b>Branch</b>	<b>Account No.</b>	<b>2021 Taka</b>	<b>2020 Taka</b>
AB Bank Ltd.	Agrabad Br., Chattogram	CD#4101-774707-000	93,409	94,939
Agrani Bank Ltd.	New Market Br. Chattogram	CD#33009854	-	-
Agrani Bank Ltd.	Laldighi Br. Chattogram	CD#29373	38,521	54,441
Al-Arafah Islami Bank Ltd.	Khatungonj Br., Chattogram	CD# 0091020013952	82,948	99,568
Bank Asia Ltd.	Khatungonj Br., Chattogram	CD#01333005952	2,79,422	1,43,917
Dhaka Bank Ltd.	Khatungonj Br., Chattogram	CD#0171502235	18,805	18,163
Exim Bank Ltd.	Khatungonj Br., Chattogram	CD#00411100004909	1,25,557	3,37,098
First Security Islami Bank Ltd.	Khatungonj Br., Chattogram	SND#13100002884	-	-
First Security Islami Bank Ltd.	Khatungonj Br., Chattogram	SND#13100003008	3,78,56,796	1,40,12,657

First Security Islami Bank Ltd.	Khatungonj Br., Chattogram	SND#13100002711	37,155	37,214
First Security Islami Bank Ltd.	Khatungonj Br., Chattogram	SND#1310002792	17,814	18,313
First Security Islami Bank Ltd.	Anderkilla Br., Chattogram	CD#13411100003882	2,15,42,510	7,13,66,829
IFIC Bank Ltd.	Khatungonj Br., Chattogram	CD#0170184017001	14,292	31,707
Islami Bank Bangladesh Ltd.	Khatungonj Br., Chattogram	CD#10601002130	2,73,83,357	51,15,271
Jamuna Bank Ltd.	Jubilee Road Br. Chattogram	CD#00190211002260	7,196	10,886
Janata Bank Ltd.	Shadharan Bima Corp. Br., Ctg.	CD#001031259	15,05,88,479	30,04,34,947
Mercantile Bank Ltd.	Khatungonj Br., Chattogram	CD#011211100005747	12,574	19,194
National Bank Ltd.	Khatungonj Br., Chattogram	CD#0002-33069282	84,600	88,463
NRB Global Bank Ltd.	Khatungonj Br., Chattogram	CD#0111100219390	65,500	2,69,238
Pubali Bank Ltd.	Khatungonj Br., Chattogram	CD#0642901085670	36,946	53,729
Rupali Bank Ltd.	O.R Nizam Road Corporate Br., Ctg.	CD#15520235000579	4,592	3,46,899
Rupali Bank Ltd.	O.R Nizam Road Corporate Br., Ctg	SND#1552024000134	1,16,628	1,11,897
Rupali Bank Ltd.	Local Office, Dhaka	CD # 0018020010320	4,677	99,367
Southest Bank Ltd.	Principal Office, Dhaka	CD#11100036055	91,902	1,01,707
Social Islami Bank Ltd.	Khatungonj Br., Chattogram	CD#0141330020285	17,34,857	6,92,198
The City Bank Ltd.	Khatungonj Br., Chattogram	CD#1101002163001	16,619	20,539
Union Bank Ltd.	Khatungonj Br., Chattogram	CD#0101010000801	1,54,084	88,37,802
Union Bank Ltd.	Gulshan Br. Dhaka	CD#0021010001342	41,400	42,090
Uttara Bank Ltd.	Khatungonj Br., Chattogram	CD#015812221999319	8,09,438	1,33,416
			<b>24,12,60,078</b>	<b>40,25,92,489</b>
			<b>30 June 2021</b>	<b>30 June 2020</b>
			<b>Taka</b>	<b>Taka</b>

### 13.00 Share Capital

#### Authorised capital:

350,000,000 Ordinary Shares of Tk. 10 each

3,50,00,00,000

3,50,00,00,000

**3,50,00,00,000**

**3,50,00,00,000**

#### Issued, Subscribed, Called up and Paid up capital:

98,371,100 Ordinary Shares of Tk.10/- each fully paid

98,37,11,000

98,37,11,000

**98,37,11,000**

**98,37,11,000**

### 13.01 Shareholding Position

Name of shareholders	As at 30 June 2021		As at 30 June 2020	
	% of Holding	Number of Shares of Tk. 10 each	% of Holding	Number of Shares of Tk. 10 each
Mr. Mohammed Saiful Alam	2.34%	23,03,980	2.34%	23,03,980
Mr. Abdus Samad	2.00%	19,67,430	2.00%	19,67,430
Mr. Md. Osman Gani	2.00%	19,67,430	2.00%	19,67,430
S. Alam Steels Ltd.	18.74%	1,84,31,940	18.74%	1,84,31,940
S. Alam Cement Ltd.	9.37%	92,15,960	9.37%	92,15,960
S. Alam Hatchery Ltd.	9.37%	92,15,960	9.37%	92,15,960
S. Alam Luxury Chair Coach Services Ltd.	2.34%	23,03,980	2.34%	23,03,980
S. Alam Vegetable Oil Ltd.	2.34%	23,03,980	2.34%	23,03,980
Bangladesh Fund	5.37%	52,86,146	5.37%	52,86,146
ICB Unit Fund	1.18%	11,63,138	1.18%	11,63,138
ICB	4.57%	44,93,269	4.57%	44,93,269
Others	40.38%	3,97,17,887	40.38%	3,97,17,887
	<b>100.00%</b>	<b>9,83,71,100</b>	<b>100.00%</b>	<b>9,83,71,100</b>

#### 14.00 Classification of shares by holding

Class by number of shares	No. of Holders	No. of Shares	% of Holding
Less than 500	2365	3,82,590	0.39%
From 501 to 5,000	2701	46,98,826	4.78%
From 5,001 to 10,000	366	27,96,624	2.84%
From 10,001 to 20,000	190	27,76,144	2.82%
From 20,001 to 30,000	76	19,50,338	1.98%
From 30,001 to 40,000	32	11,52,067	1.17%
From 40,001 to 50,000	38	17,75,001	1.80%
From 50,001 to 100,000	59	40,82,900	4.15%
From 100,001 to 1,000,000	55	1,63,43,669	16.61%
From 1,000,001 and above	13	6,24,12,941	63.45%
<b>Total</b>	<b>5895</b>	<b>9,83,71,100</b>	<b>100%</b>
	<b>Note(s)</b>	<b>30 June 2021 Taka</b>	<b>30 June 2020 Taka</b>

#### 15.00 Trade creditors

Liability against Deferred L/C		1,62,70,80,100	3,91,62,45,883
Customs Authority-Inbond Duty		14,72,84,042	34,90,82,903
Sundry Creditors		11,03,42,795	14,25,67,686
		<b>1,88,47,06,937</b>	<b>4,40,78,96,472</b>

These represent amount (Sundry creditors) payable to various local parties against sale of CI & GP Sheet.

#### 16.00 Short Term Liabilities

Loan against Trust Receipt (LTR)	16.01	2,24,70,82,667	2,10,80,07,960
Loan against CC Pledge and Hypo	16.02	11,23,17,11,009	8,40,16,90,500
		<b>13,47,87,93,676</b>	<b>10,50,96,98,460</b>

#### 16.01 Short Term Bank Loan (LTR)

Janata Bank Ltd., Shadharan Bima Corp Branch, Ctg.		2,24,70,82,667	2,10,80,07,960
		<b>2,24,70,82,667</b>	<b>2,10,80,07,960</b>

#### 16.02 Loan against PAD,MPI,Bai - Muazzal Hypo Bai - Murabaha

Janata Bank Ltd., Shadharan Bima Corp Branch, Ctg. (PAD)		3,49,61,99,002	5,24,61,45,635
Janata Bank Ltd., Shadharan Bima Corp Branch, Ctg. (Cash Credit - HYPO)		3,47,66,79,682	-
Islami Bank Bangladesh Ltd., Khatungonj Branch, Ctg. (MPI)		-	41,12,69,866
Exim Bank Ltd. , Khatungonj Branch, Ctg (Bia-Muazzal Hypo)		2,13,79,99,999	1,93,87,39,999
Islami Bank Bangladesh Ltd., Khatungonj Branch, Ctg. (Bia Murabaha)		2,12,08,32,326	80,55,35,000
		<b>11,23,17,11,009</b>	<b>8,40,16,90,500</b>

16.03 Terms and condition of the above liabilities are as follows :

16.03.01 **Lender:** Janata Bank Ltd., Shadharan Bima Corporate Branch, Chattogram.

Types of Liabilities	Sanctioned limit (Figures in crore)	Rate of Interest %
LTR/PAD/CC-Hypo	650	9%
Working Capital under Stimulus Package	100	4.50% by the company and 4.50% by the Govrment as subsidy

**Security :**

- i) LC/Bill of Lading, Corporte Guarantee & Personal Guarantee of all directors.
- ii) 100% registered mortgage of 2971.27 Decimal land in different places at Chattogram, Bangladesh

16.03.02 **Lender:** Islami Bank Bangladesh Ltd., Khatungonj Corporate Branch, Chattogram.

Types of Liabilities	Sanctioned limit (Figures in crore)	Rate of Interest %
TR With LC/Bill/Bai-Murabaha/MPI/BG	1250	9%
Working Capital under Stimulus Package	100	4.50% by the company and 4.50% by the Government as Subsidy

**Security :**

- i) Post dated cheque, corporate Guarantee & Personal Guarantee of all directors.
- ii) Hypothecation on inventories, goods in warehouse and Bank Guarantee etc.
- iii) 1,000 Decimal land and building with existing machinery of the project located at Shikalbaha, Patiya, Chattogram, Bangladesh.

16.03.03 **Lender:** Export Import Bank of Bangladesh Ltd., Khatungonj Branch, Chattogram

Types of Liabilities	Sanctioned limit (Figures in crore)	Rate of Interest %
Bai - Muajjal Hypo	502	9%

**Security:**

- i) Post dated cheque, corporate guarantee & personal guarantee of all directors.
- ii) Hypothecation on inventories, goods in warehouse and Bank Guarantee etc.
- iii) Creation of charge on all Fixed and Floating Assets of the company with RJSC.

16.03.04 **Lender:** Union Bank Ltd., Khatungonj Branch, Chattogram

Types of Liabilities	Sanctioned limit (Figures in crore)	Rate of Interest %
Bank Guanrantee	105	BG Margin @ 2.70% in the form of MTDR & Commission 0.15% for 1st Qtr & 0.10% for subsequent quarter

**Security:**

- i) Personal guarantee of all directors of the Company.
- ii) Post dated cheque.

	Note(s)	30 June 2021 Taka	30 June 2020 Taka
<b>17.00 Liabilities for Expenses</b>			
Audit Fee		4,50,000	4,00,000
Chittagong Palli Bidyut Samity -1		1,05,42,763	94,90,293
Karnaphuli Gas Distribution Co. Ltd.		5,09,770	9,15,927
Salary and Allowances		2,73,300	92,57,433
Telephone and Mobile Charges		-	21,705
Liason Office Expenses		28,668	16,412
Against C & F		1,82,604	1,05,839
Transportation		1,61,000	4,02,500
Karnaphuli Filling Station Limited		51,511	3,36,380
Against Store and Spare		1,01,97,669	19,51,498
		<b>2,23,97,285</b>	<b>2,28,97,987</b>
<b>18.00 Advance against Sales - Notes 19</b>		<b>8,13,873</b>	<b>17,51,913</b>
<b>19.00</b> These represent advances received from different parties against sale of scraps and goods which have not been delivered to them within the reporting date.			
<b>20.00 Due to Affiliated Companies</b>			
S. Alam Vegetable Oil Ltd.		-	11,84,20,000
Karnaphuli Prakritik Gas Limited		-	27,65,350
		-	<b>12,11,85,350</b>
<b>21.00 Liability against Unclaimed Dividend</b>			
Opening Balance		3,58,86,679	3,48,09,023
Dividend declared during the year		9,83,71,100	9,83,71,100
		13,42,57,779	13,31,80,123
Dividend paid		(9,72,28,694)	(9,72,93,444)
Closing Balance		<b>3,70,29,085</b>	<b>3,58,86,679</b>
<b>The break up of unclaimed dividend is given below:</b>			
Unclaimed dividend on Ordinary Share	21.01	3,55,31,133	3,43,88,727
Unclaimed dividend on Convertible Preference Share		14,97,952	14,97,952
		<b>3,70,29,085</b>	<b>3,58,86,679</b>
<b>21.01 Year wise unclaimed Dividend on Ordinary Share</b>			
<b>Year</b>		<b>Taka</b>	
2005-2006		4,06,913	
2006-2007		9,94,662	
2007-2008		9,96,530	
2008-2009		16,11,617	
2009-2010		35,02,615	
2010-2011		41,97,227	
2011-2012		50,93,821	
2012-2013		46,99,632	



Year	Taka
2013-2014	19,07,883
2014-2015	21,49,396
2015-2016	27,23,692
2016-2017	19,38,859
2017-2018	23,15,840
2018-2019	15,01,528
2019-2020	14,90,918
<b>Unclaim Dividend for Ordinary Share</b>	<b>3,55,31,133</b>
<b>Unclaimed Dividend for Preference Shares</b>	<b>14,97,952</b>
<b>Total unclaimed Dividend</b>	<b>3,70,29,085</b>

	Note(s)	30 June 2021 Taka	30 June 2020 Taka
<b>22.00 Provision for Income Tax</b>			
For Current Tax	22.01	31,12,81,928	17,60,92,184
For Deferred Tax	22.02	27,42,58,955	31,61,46,697
		<b>58,55,40,883</b>	<b>49,22,38,881</b>
<b>22.01 Provision for Current Tax</b>			
Opening Balance		17,60,92,184	14,41,58,493
Provision made during the year	22.01.2	13,51,89,744	3,44,33,691
		31,12,81,928	17,85,92,184
Adjusted during the year	22.01.1	-	(4,04,62,700)
		31,12,81,928	13,81,29,484
Prior Year Tax Adjustment		-	3,79,62,700
Closing Balance		<b>31,12,81,928</b>	<b>17,60,92,184</b>
<b>22.01.01 Adjusted during the year</b>			
Tax paid in cash		-	-
Adjusted with Advance Income Tax		-	4,04,62,700
		-	<b>4,04,62,700</b>

**22.01.02 Computation of tax liability as per 82 C of ITO 1984**

	Taxable Profit/(Loss)	Tax Rate	Tax Liability
<b>a) As per section 82 C (3)a</b>			
<b>Head of Income</b>			
Business Income U/S 28 Note - 22.01.3	22,64,38,962	22.50%	5,09,48,766
Income from other sources U/S 33	64,71,987	22.50%	14,56,197
<b>Tax Liability on Income from regular sources</b>			<b>5,24,04,963</b>
<b>b) As per section 82 C (2) (b)</b>			
On Import stage U/S 53			12,18,95,618
On Local sales U/S 52U			1,26,46,927
On Interest of MTDR accounts U/S 53F(2)			6,47,199
			<b>13,51,89,744</b>

	Taxable Profit/(Loss)	Tax Rate	Tax Liability
<b>c) As per section 82C (4) (a)</b>			
Gross sales	5,34,82,27,239	0.60%	3,20,89,363
Finance Income	64,71,987	0.60%	38,832
			<b>3,21,28,195</b>
<b>Therefore , Provision for current tax liability is higher of a, b &amp; c</b>			<b>13,51,89,744</b>

### 22.01.3 Computation of Business income (U/S - 28)

<b>Profit before tax as per Accounts</b>	<b>18,99,13,361</b>
Add: Inadmissible Items	
Accounting Depreciation	8,75,04,081
Accounting Depreciation - Right of use asset	1,93,754
Excess perquisite	37,02,362
Provision for Worker's Profit Participation & Welfare Fund	99,95,440
Miscellaneous Expenses	15,33,920
	<b>10,29,29,557</b>
<b>Profit before admissible items</b>	<b>29,28,42,918</b>
Less: Deductable items	
Income from other sources	64,71,987
Rent expenses - Right of use asset	1,93,840
Fiscal (Tax) depreciation	4,17,00,671
Payment for Worker's Profit Participation & Welfare Fund	1,80,37,458
	<b>6,64,03,956</b>
<b>Total Taxable Profit</b>	<b>22,64,38,962</b>

	30 June 2021		30 June 2020	
	Rate	Amount	Rate	Amount
<b>22.01.04 Reconciliation of effective tax rate</b>				
Profit before tax	-	18,99,13,361	-	12,83,13,230
<b>Provision for current year tax</b>	<b>71.18%</b>	<b>13,51,89,744</b>	<b>26.84%</b>	<b>3,44,33,691</b>

#### Factors affecting the tax rate charge:

Tax using the applicable rate	22.50%	4,27,30,506	25.00%	3,20,78,308
Difference between regular tax and Minimum Tax Under 82C of ITO 1984	25.60%	4,86,16,713	0.00%	-
Difference between accounting WPPF & WF Provision and payment	-0.95%	(18,09,454)	-1.25%	(16,01,242)
Difference between accounting and fiscal depreciation	5.43%	1,03,05,748	2.06%	26,45,287
Inadmissible expenses	18.17%	3,45,132	0.30%	3,85,748
Effect of taxable perquisit	0.44%	8,33,031	0.72%	9,25,591
	<b>71.18%</b>	<b>10,10,21,676</b>	<b>26.84%</b>	<b>3,44,33,691</b>

**22.01.05** Year wise Income Tax assessment status is as follows

Accounting Year	Assessment Year	Present Status
30 June 2017 and earlier years	2017-2018 and earlier years	Assessment Completed
30 June 2018	2018-2019	Assessment with 1st Appeal and 2nd Appeal completed. But revised demand notice after 2nd Appeal not yet received.
30 June 2019	2019-2020	Income Tax Return submitted and Assessment under process.
30 June 2020	2020-2021	Income Tax Return submitted and Assessment under process.

Tax liability for the year under audit shall be adjusted against established refund / advance payment upon receipt of assessment order and demand note (IT - 15).

	30 June 2021 Taka	30 June 2020 Taka
<b>22.02 Provision for Deferred Tax</b>		
Opening Balance	31,61,46,697	31,87,91,984
Provision made during the year	-	-
	31,61,46,697	31,87,91,984
Provision realized during the year	(4,18,87,742)	(26,45,287)
Closing balance	<b>27,42,58,955</b>	<b>31,61,46,697</b>

	Carrying Amount (Taka)	Tax Base (Taka)	Taxable / (Deductible) Temporary Difference (Taka)
<b>Calculation of Deffered Tax</b>			
<b>A. As on 30 June 2021 :</b>			
Property, Plant and Equipment (Except Land)	1,42,60,09,202	20,72,25,826	1,21,87,83,376
Right of use asset	1,45,315	-	1,45,315
			1,21,89,28,691
Applicable Tax Rate			22.50%
			<b>27,42,58,955</b>
<b>B. As on 30 June 2020 :</b>			
Property, Plant and Equipment (Except Land)	1,51,09,62,811	24,63,76,024	1,26,45,86,787
Applicable Tax Rate			25%
			<b>31,61,46,697</b>
Provision made/(Realized) during the year (A-B)			(4,18,87,742)

	30 June 2021 Taka	30 June 2020 Taka
<b>23.00 Provision for Workers' Profit Participation &amp; Welfare Fund (WPP &amp; WF)</b>		
Opening Balance	12,16,10,982	11,79,92,748
Accrued interest on WPP and WF	22,92,642	1,00,23,203
Provided during the year @ 5% on net profit before tax	99,95,440	67,53,328
	1,22,88,082	<b>1,67,76,531</b>
	13,38,99,064	13,47,69,279
Paid during the year	(1,80,37,458)	(1,31,58,297)
Provision transferred/ adjusted during the year	-	-
Closing Balance	<b>11,58,61,606</b>	<b>12,16,10,982</b>

	Note(s)	30 June 2021 Taka	30 June 2020 Taka
<b>24.00 Other Liabilities</b>			
Income Tax deducted at source from salary		-	1,94,616
Income Tax deducted at source-others		13,748	24,628
Others		2,86,542	3,98,455
		<b>3,00,290</b>	<b>6,17,699</b>
<b>25.00 Revenue</b>			
Sales of CR Coil		2,04,48,02,361	1,80,28,67,908
Sales of C.I Sheet		2,53,16,30,222	2,02,43,77,922
Sales of G.P Sheet		3,29,58,192	3,43,13,642
Sales of Scrap		73,88,36,464	22,34,41,575
		<b>5,34,82,27,239</b>	<b>4,08,50,01,047</b>
<b>26.00 Cost of Sales</b>			
Opening Stock of Raw Materials		3,74,04,91,498	2,55,33,79,448
Purchased during the year	26.01 to 26.08	3,58,59,74,283	4,56,40,32,620
		7,32,64,65,781	7,11,74,12,068
Closing Stock of Raw Materials	26.01 to 26.08	(2,97,53,33,891)	(3,74,04,91,498)
Cost of raw materials consumed		<b>4,35,11,31,890</b>	<b>3,37,69,20,570</b>
<b>Add: Manufacturing Expenses:</b>			
Power (Electricity)		18,40,09,288	14,84,41,354
Gas		1,70,61,769	1,36,83,711
Fuel and Lubricants- Factory Generator		11,31,000	19,86,907
Factory overhead	26.09	14,68,95,970	13,94,73,007
Consumption of Stores and Spares		8,90,87,180	5,94,37,269
Consumption of Packaging materials		12,24,944	8,77,473
Consumption of other chemicals		-	-
Depreciation	4.01	6,56,28,061	5,38,25,943
		50,50,38,212	41,77,25,664
Cost of Goods Manufactured		<b>4,85,61,70,102</b>	<b>3,79,46,46,234</b>
<b>Add:</b> Opening stock of WIP (CR)		30,67,35,856	33,54,70,575
Opening stock of WIP (NOF)		48,45,28,965	50,79,37,460
<b>Less:</b> Closing stock of WIP (CR)		37,45,69,840	30,67,35,856
Closing stock of WIP (NOF)		40,96,98,800	48,45,28,965
		<b>4,86,31,66,283</b>	<b>3,84,67,89,448</b>
<b>Add:</b> Opening stock of Finished Goods (CR)		34,32,97,701	15,65,69,829
Opening stock of Finished Goods (NOF)		41,97,14,177	20,93,60,673
<b>Less:</b> Closing stock of Finished Goods (CR)		44,56,60,984	34,32,97,701
Closing stock of Finished Goods (NOF)		58,84,61,613	41,97,14,177
<b>Cost of sales</b>		<b>4,59,20,55,564</b>	<b>3,44,97,08,072</b>
<b>26.01 Raw Materials Consumed - H.R Coil</b>			
Opening Stock of raw materials		1,46,72,98,217	22,23,69,706
<b>Add:</b> Purchased during the year		2,78,78,28,936	4,10,55,80,336
		<b>4,25,51,27,153</b>	<b>4,32,79,50,042</b>
<b>Less:</b> Closing Stock of Raw Materials		62,41,25,528	1,46,72,98,217
Cost of raw materials consumed		<b>3,63,10,01,625</b>	<b>2,86,06,51,825</b>

	30 June 2021 Taka	30 June 2020 Taka
<b>26.02 Raw Materials Consumed - Hydrochloric Acid</b>		
Opening Stock of raw materials	3,21,91,734	3,48,11,302
<b>Add: Purchased during the year</b>	77,18,245	60,67,220
	<b>3,99,09,979</b>	<b>4,08,78,522</b>
<b>Less: Closing Stock of raw materials</b>	2,76,47,615	3,21,91,734
<b>Consumption of Hydrochloric Acid</b>	<b>1,22,62,364</b>	<b>86,86,788</b>
<b>26.03 Raw Materials Consumed - TIN Ingot</b>		
Opening Stock of raw materials	6,77,15,730	7,73,26,968
<b>Add: Purchased during the year</b>	2,04,28,376	-
	<b>8,81,44,106</b>	<b>7,73,26,968</b>
<b>Less: Closing Stock of raw materials</b>	7,45,86,824	6,77,15,730
<b>Consumption of TIN Ingot</b>	<b>1,35,57,282</b>	<b>96,11,238</b>
<b>26.04 Raw Materials Consumed - ZINC Ingot</b>		
Opening Stock of raw materials	2,03,95,98,675	2,08,84,53,520
<b>Add: Purchased during the year</b>	73,29,19,960	41,99,38,740
	<b>2,77,25,18,635</b>	<b>2,50,83,92,260</b>
<b>Less: Closing Stock of raw materials</b>	2,11,17,68,050	2,03,95,98,675
<b>Consumption of ZINC Ingot</b>	<b>66,07,50,585</b>	<b>46,87,93,585</b>
<b>26.05 Raw Materials Consumed - LEAD Ingot</b>		
Opening Stock of raw materials	11,84,44,820	11,92,22,010
<b>Add: Purchased during the year</b>	-	-
	11,84,44,820	11,92,22,010
<b>Less: Closing Stock of raw materials</b>	11,73,11,800	11,84,44,820
<b>Consumption of Lead Ingot</b>	<b>11,33,020</b>	<b>7,77,190</b>
<b>26.06 Raw Materials Consumed - ZINC Alloy</b>		
Opening Stock of raw materials	45,51,189	-
<b>Add: Purchased during the year</b>	2,93,32,333	2,80,00,254
	3,38,83,522	2,80,00,254
<b>Less: Closing Stock of raw materials</b>	68,33,013	45,51,189
<b>Consumption of ZINC Alloy</b>	<b>2,70,50,509</b>	<b>2,34,49,065</b>
<b>26.07 Raw Materials Consumed - Antimony Ingot</b>		
Opening Stock of raw materials	-	-
<b>Add: Purchased during the year</b>	55,74,695	34,24,331
	55,74,695	34,24,331
<b>Less: Closing Stock of raw materials</b>	22,49,496	-
<b>Consumption of Antimony Ingot</b>	<b>33,25,199</b>	<b>34,24,331</b>
<b>26.08 Raw Materials Consumed - Chromic Acid</b>		
Opening Stock of raw materials	1,06,91,133	1,11,95,942
<b>Add: Purchased during the year</b>	21,71,738	10,21,739
	1,28,62,871	1,22,17,681
<b>Less: Closing Stock of raw materials</b>	1,08,11,565	1,06,91,133
<b>Consumption of Chromic Acid</b>	<b>20,51,306</b>	<b>15,26,548</b>

	Note(s)	30 June 2021 Taka	30 June 2020 Taka
<b>26.09 Factory Overhead</b>			
Salaries and Allowances		10,74,89,205	12,44,96,297
Insurance Expenses		1,00,16,542	11,85,221
Medical & Welfare Expenses		4,12,896	7,02,100
Labour Charges		16,59,557	15,39,768
Repairs and Maintenance		93,16,245	35,53,042
Carrying Charges-Raw Materials		15,15,800	16,07,849
Uniform and Liveries		9,992	67,401
Transportation		27,69,200	24,79,400
Printing & Stationery		1,57,965	1,39,902
Canteen Expenses - Factory		2,51,843	2,15,936
Telephone and Internet Charges		3,75,759	3,59,890
Miscellaneous Expenses		10,11,636	11,67,600
Registration and Renewal		90,94,494	3,95,657
Rent, Rates and Taxes		14,46,954	70,000
Travelling and Conveyance Expenses		1,50,690	2,66,543
Vehicle Maintenance		12,17,192	12,26,401
		<b>14,68,95,970</b>	<b>13,94,73,007</b>
<b>27.00 Selling and Distribution Costs</b>			
Advertisement		3,36,545	21,63,962
		<b>3,36,545</b>	<b>21,63,962</b>
<b>28.00 Administrative Costs</b>			
Salaries and Allowances		2,20,59,953	1,85,18,886
Amortization		1,93,754	
Depreciation	4.01	2,18,76,020	1,79,41,981
Canteen Expenses		2,38,114	4,29,654
Fees and Renewals		25,39,984	11,53,995
Guest House Expenses		2,07,542	4,74,526
Legal and Professional Expenses		6,09,800	19,92,500
Liaison Office Expenses		1,22,432	1,14,616
Office Maintenance Expenses		6,51,821	2,95,647
Liaison Office Rent		4,35,791	4,28,607
Office Decoration		-	15,960
Stationery Expenses		5,39,783	4,39,122
Registration and Renewal		52,800	55,093
Rent, Rates and Taxes		4,04,134	2,01,882
Telephone and E-Mail Expenses		1,92,430	1,86,320
Travelling and Conveyance Expenses		1,63,435	2,00,045
Vehicle Maintenance		6,56,636	8,74,869
Management Meeting and Conference		11,75,513	21,06,715
Electricity Expenses		4,03,014	3,64,523
Miscellaneous Expenses		5,22,284	3,75,393
Audit Fees		4,50,000	4,00,000
		<b>5,34,95,240</b>	<b>4,65,70,334</b>

	<b>30 June 2021</b> <b>Taka</b>	<b>30 June 2020</b> <b>Taka</b>
<b>29.00 Other Income</b>		
Miscellaneous Income	-	-
	-	-
<b>30.00 Finance Costs</b>		
Bank Charges	12,56,836	8,60,844
Interest for adoption for new IFRS-16 Lease	23,933	-
Interest on Short Term Loan	50,00,76,672	41,93,46,279
Interest on Term Loan	-	2,26,33,205
Interest on WPP & WF	22,92,642	1,00,23,203
Bank Guarantee Commission	52,52,993	61,43,605
	<b>50,89,03,076</b>	<b>45,90,07,136</b>
<b>31.00 Finance Income</b>		
Interest Income from MTDR	49,45,727	67,74,438
Interest on STD/SND	7,44,662	5,00,570
Interest Income from FDR	7,81,598	2,40,007
	<b>64,71,987</b>	<b>75,15,015</b>
<b>32.00 Basic Earnings Per Share (EPS)</b>		
Profit attributable to the ordinary shareholders	9,66,11,359	5,85,62,126
Number of ordinary shares outstanding during the year	9,83,71,100	9,83,71,100
<b>Basic Earnings Per Share (EPS)</b>	<b>0.98</b>	<b>0.60</b>
<b>33.00 Net Asset Value Per Share (NAVPS)</b>		
Total Assets	17,99,02,25,935	17,57,99,37,863
Less: Total Liabilities	16,12,56,02,209	15,71,37,84,423
<b>Net Asset Value (NAV)</b>	<b>1,86,46,23,726</b>	<b>1,86,61,53,440</b>
Number of ordinary shares outstanding during the year	9,83,71,100	9,83,71,100
<b>Net Asset Value Per Share (NAVPS)</b>	<b>18.95</b>	<b>18.97</b>
<b>34.00 Net Operating Cash Flow Per Share (NOCFPS)</b>		
Cash flows from operating activities	(2,12,43,86,812)	90,64,64,434
Number of ordinary shares outstanding during the year	9,83,71,100	9,83,71,100
<b>Net Operating Cash Flow Per Share (NOCFPS)</b>	<b>(21.60)</b>	<b>9.21</b>
<b>35.00 Reconciliation of net income with cash flows from Operating Activities</b>		
<b>Net profit After Tax</b>	9,66,11,359	5,85,62,126
<b>Adjustment for non-cash items</b>		
Depreciation	8,76,97,835	7,17,67,924
	18,43,09,194	13,03,30,050

	<b>30 June 2021</b> <b>Taka</b>	<b>30 June 2020</b> <b>Taka</b>
<b>Adjustment for non-operating items :</b>		
Cash Paid for Financial Expenses	50,66,10,434	44,89,83,933
Finance Income	(64,71,987)	(75,15,015)
Adjustment for Provision of Deferred Tax	(4,18,87,742)	(26,45,287)
Adjustment for changes in accruals :		
(Increase)/ Decrease in Accounts Receivable	(31,59,93,569)	58,89,73,028
(Increase)/ Decrease in Inventory	(53,78,42,860)	(1,98,01,72,224)
(Increase)/ Decrease in Advances, Deposits & Prepayments except AIT	61,75,59,179	49,19,30,002
Increase/(Decrease) - Advance against sales	(9,38,040)	(1,28,90,633)
Increase/(Decrease) in Trade Payable	(2,52,31,89,535)	1,31,28,10,422
Increase/(Decrease) in Other Liabilities	(2,91,808)	(44,698)
Increase/(Decrease) in Liabilities for Expenses	(5,00,702)	90,27,584
Increase/(Decrease) in provision of WPPF & WF	(57,49,376)	36,18,234
Excess of Tax provision over adjustment	13,51,89,744	3,19,33,691
Excess of AIT adjusted with Tax over payment	(13,51,89,744)	(20,19,11,283)
AIT Refund	-	9,40,36,630
<b>Net cash (used in)/generated by operating activities</b>	<b>(2,12,43,86,812)</b>	<b>90,64,64,434</b>

### 36.00 Contingent Liabilities

The company had the following contingent liabilities at the reporting date:

Particulars	Amount (Tk.)	Present status
Penalty imposed by VAT Authority in 2011	35,000,000	Pending before the VAT Appellate Tribunal for verdict.

No provision has been made on the reporting date against above contingent liabilities as outcome of the above pending cases are uncertain.



**S. ALAM COLD ROLLED STEELS LIMITED**  
**FOR THE YEAR ENDED 30 JUNE 2021**  
**RELATED NOTES FOR STATEMENT OF CASH FLOWS**

	Note(s)	30 June 2021 Taka	30 June 2020 Taka
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>37.01 Cash received from Customers</b>			
Revenue	25.00	5,34,82,27,239	4,08,50,01,047
Add: Opening balance of accounts receivables	8.00	3,62,65,17,836	4215490864
Less: Closing balance of accounts receivables	8.00	(3,94,25,11,405)	(3,62,65,17,836)
		<u>5,03,22,33,670</u>	<u>4,67,39,74,075</u>
Advance received against sales	18.00	(9,38,040)	(1,28,90,634)
		<u><b>5,03,12,95,630</b></u>	<u><b>4,66,10,83,442</b></u>
<b>37.02 Cash Paid to Suppliers</b>			
COGS from PL without Employee Cost	26.00	4,48,45,66,359	(3,32,52,11,775)
Depreciation of FOH	4.01	(6,56,28,061)	5,38,25,943
Add: Closing Inventory	7.00	7,85,39,13,066	
Less: Opening Inventory	7.00	(7,31,60,70,206)	(1,98,01,72,224)
		<u>4,95,67,81,158</u>	
Add: Opening Trade Payable	15.00	4,40,78,96,472	
Less: Closing Trade Payable	15.00	(1,88,47,06,937)	1,31,28,10,422
Increase/(decrease) in Advances	9.00	(61,67,06,179)	45,38,65,302
		<u><b>6,86,32,64,514</b></u>	<u><b>(3,48,48,82,332)</b></u>
<b>37.03 Cash Paid to Employees</b>			
Employee Cost (FOH & Admin)	26.9 & 28	12,95,49,158	(14,30,15,183)
Changes in Salary Payable	17.00	89,84,133	4,57,957
Changes in Advance Employee cost	9.01	(8,53,000)	1,02,000
		<u><b>13,76,80,291</b></u>	<u><b>(14,24,55,226)</b></u>
<b>37.04 Cash Paid for other operating expenses</b>			
Administrative Expenses without Employee Cost	29.00	3,17,46,231	3,02,15,410
Depreciation-Admin	28.00	(2,20,69,774)	(1,79,41,981)
Change of Other Liabilites	24.00	3,17,409	44,698
Increase in Provision for Expenses	17.00	(84,83,431)	(85,69,627)
		<u><b>15,10,435</b></u>	<u><b>37,48,500</b></u>
<b>37.05 Payment of Advance Income Tax</b>	9.01.01	<u><b>13,51,89,744</b></u>	<u><b>20,44,11,283</b></u>
<b>37.06 Payment for WPP&amp;WF</b>	23.00	<u><b>1,80,37,458</b></u>	<u><b>1,31,58,297</b></u>
<b>37.07 Advance tax refund</b>	9.01.01	<u><b>-</b></u>	<u><b>9,40,36,630</b></u>

	Note(s)	30 June 2021 Taka	30 June 2020 Taka
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>37.08 Acquisition of PPE</b>			
Addition during the year	4.00	<u>25,50,473</u>	<u>(1,53,52,410)</u>
<b>37.09 Short term loan to Subsidiary companies</b>			
Changes in SAPGL	11.00	<u>(26,67,91,617)</u>	<u>(1,12,14,97,351)</u>
		<b><u>(26,67,91,617)</u></b>	<b><u>(1,12,14,97,351)</u></b>
<b>37.10 Investment in fixed deposit receipt</b>	10.00		
Opening Balance		4,11,94,897	3,89,22,819
Less: Closing Balance		<u>(5,93,89,390)</u>	<u>(4,11,94,898)</u>
Changes in FDR		<b><u>(1,81,94,493)</u></b>	<b><u>(22,72,079)</u></b>
<b>37.11 Interest Received from FDR &amp; Other Income</b>			
Interest Income from FDR	31.00	<u>64,71,987</u>	<u>75,15,015</u>
		<b><u>64,71,987</u></b>	<b><u>75,15,015</u></b>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>37.12 Proceeds from/(Repayment of) long term loan &amp; repayment of Current portion of long term loan</b>			
Closing Balance of Loan term Loan		-	-
Closing Balance of Current portion		<u>-</u>	<u>-</u>
		-	-
Less: Opening Balance			
Opening Balance of Loan term Loan		-	(1,71,45,354)
Opening Balance of Current portion		<u>-</u>	<u>(39,48,96,000)</u>
		-	(41,20,41,354)
Changes in long term loan		<u>-</u>	<b><u>(41,20,41,354)</u></b>
<b>37.13 Received from/(Repayment of) Short term loan</b>	16.00		
Closing Balance		13,47,87,93,675	10,50,96,98,460
Less: Opening Balance		<u>(10,50,96,98,460)</u>	<u>(9,15,50,78,129)</u>
Changes in Short term loan		<b><u>2,96,90,95,215</u></b>	<b><u>1,35,46,20,331</u></b>
<b>37.14 Cash Received from / (Paid to) affiliated companies</b>	20.00		
Closing Balance		-	12,11,85,350
Less: Opening Balance		<u>(12,11,85,350)</u>	<u>(30,65,350)</u>
Changes in Short term loan		<b><u>(12,11,85,350)</u></b>	<b><u>11,81,20,000</u></b>
<b>37.15 Dividend Paid</b>	21.00		
Opening Balance		3,58,86,679	3,48,09,023
Add: Proposed Dividend last year		9,83,71,100	9,83,71,100
		<u>13,42,57,779</u>	<u>13,31,80,123</u>
Less: Closing Balance		<u>(3,70,29,085)</u>	<u>(3,58,86,679)</u>
Dividend Paid		<b><u>9,72,28,694</u></b>	<b><u>9,72,93,444</u></b>
<b>37.16 Cash payment for financial expenses</b>	30.00		
Financial Expense		(50,88,79,143)	(45,90,07,136)
provision Interest on WPPF and WF		<u>22,92,642</u>	<u>1,00,23,203</u>
		<b><u>(50,65,86,501)</u></b>	<b><u>(44,89,83,933)</u></b>

	30 June 2021 M. Ton	30 June 2020 M. Ton
<b>38.00 Quantitative Movement of Inventories</b>		
<b>38.01 Raw Materials:</b>		
<b>Opening Stock of Raw Materials</b>		
H.R Coil	30,061.02	3,010.53
Hydrochloric Acid	5,271.99	5,556.17
TIN Ingot	32.85	37.51
ZINC Ingot	7,401.28	7,494.29
LEAD Ingot	532.94	536.44
ZINC Alloy	17.85	-
Antimony Ingot	-	-
Chromic Acid	33.30	32.96
	<b>43,351.23</b>	<b>16,667.90</b>
<b>Add: Purchased during the year</b>		
H.R Coil	51,761.00	75,107.85
Hydrochloric Acid	1,422.64	1,125.87
TIN Ingot	10.00	-
ZINC Ingot	3,099.00	1,595.79
LEAD Ingot	-	-
ZINC Alloy	110.89	109.80
Antimony Ingot	10.00	5.00
Chromic Acid	10.00	5.00
	<b>56,423.53</b>	<b>77,949.31</b>
<b>Raw materials available for consumption</b>	<b>99,774.76</b>	<b>94,617.21</b>
<b>Less: Raw Materials Consumed</b>		
H.R Coil	69,405.76	48,057.36
Hydrochloric Acid	2,037.62	1,410.05
TIN Ingot	6.80	4.66
ZINC Ingot	2,487.91	1,688.80
LEAD Ingot	5.10	3.50
ZINC Alloy	102.91	91.95
Antimony Ingot	7.30	5.00
Chromic Acid	6.80	4.66
	<b>74,060.20</b>	<b>51,265.98</b>
<b>Closing Stock of Raw Materials</b>		
H.R Coil	12,416.26	30,061.02
Hydrochloric Acid	4,657.01	5,271.99
TIN Ingot	36.05	32.85
ZINC Ingot	8,012.37	7,401.28
LEAD Ingot	527.84	532.94
ZINC Alloy	25.83	17.85
Antimony Ingot	2.70	-
Chromic Acid	36.50	33.30
	<b>25,714.56</b>	<b>43,351.23</b>

		30 June 2021 M. Ton	30 June 2020 M. Ton
<b>38.02</b>	<b>Finished Goods:</b>		
	<b>A. In Cold Rolled Plant</b>		
	Opening stock	4,688	1,808
	Add: Produced during the year	63,676	48,749
		<u>68,364</u>	<u>50,557</u>
	Less: Transferred to NOF plant during the year	38,221	24,105
	Available for sale	30,143	26,452
	Less: Sold during the year	25,610	21,764
	Packed Goods	284	438
	Unpacked Goods	4,249	4,250
	Closing stock	<u><b>4,533</b></u>	<u><b>4,688</b></u>
	<b>B. In NOF Plant</b>		
	Opening stock	5,646	1,869
	Add: Produced during the year	33,985	28,076
	Available for sale	39,631	29,945
	Less: Sold during the year	33,749	24,299
	Packed Goods	1,609	1,214
	Unpacked Goods	4,273	4,432
	Closing stock	<u><b>5,882</b></u>	<u><b>5,646</b></u>
		<b>30 June 2021</b>	<b>30 June 2020</b>
		<b>Taka</b>	<b>Taka</b>
<b>39.00</b>	<b>Guarantees</b>		
	The following Bank guarantees were outstanding on the reporting date:		
	Bank Guarantee Against Karnaphuli Gas Distribution Co. Ltd.	43,68,413	28,06,727
	Deposit to Customs Authority against duty claim under appeal	2,64,81,278	2,91,18,689
	Bank Guarantee Against Customs Authority under Bond	72,68,10,397	1,18,98,97,290
		<u><b>75,76,60,088</b></u>	<u><b>1,22,18,22,706</b></u>

#### 40.00 Financial Risk Management

The Company has exposure to the following risks from its use of financial instruments:

- (i) Credit risk;
- (ii) Liquidity risk;
- (iii) Market risk.

##### Risk management framework

The company management has overall responsibility for the establishment and oversight of the Company's risk management framework. The company's management policies are established to identify and analyse the risks faced by the Company to set appropriate risk limits and controls and to monitor risks and adherence to limit. Risk management policies, procedures and systems are reviewed regularly to reflect changes in market conditions and the company's activities.

#### 40.01 Credit risk

Credit risk is risk of financial loss if a customer fails to meet its contractual obligations which arises principally from the Company's receivables from customers and investment in securities.

#### 40.01.01 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	30 June 2021 Taka	30 June 2020 Taka
Trade Receivables	3,94,25,11,405	3,62,65,17,836
Cash and Cash Equivalents	24,12,99,240	40,26,55,977
Short term Investment	5,93,89,390	4,11,94,897
Short Term Loan to Subsidiary Company	2,33,24,43,348	2,06,56,51,731
	<b>6,57,56,43,383</b>	<b>6,13,60,20,441</b>

##### (a) Sundry receivables

The company's management has not established a credit policy under which each new customer is analyzed individually for creditworthiness before the company's standard payment and delivery terms and conditions are offered.

##### Ageing of trade and other receivables (note 8)

The ageing of gross value at the reporting date that was not impaired was as follows:

0 - 90 days	1,05,29,22,863	88,27,76,365
91 - 180 days	92,36,35,606	95,92,19,948
181 - 365 days	1,84,59,52,936	1,78,45,21,523
	<b>3,82,25,11,405</b>	<b>3,62,65,17,836</b>

##### (b) Cash and cash equivalents

The company held cash and cash equivalents of Tk. 241,299,240 at 30 June 2021 (2020 : Tk. 402,655,977), which represents its minimum credit exposure on these assets. The balance with banks are maintained with local branch of domestic scheduled banks.

#### 40.02 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations affiliated with its financial liabilities that are settled by delivering cash. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The following are the contractual maturities of financial liabilities:

	0 to 12 Months	Contractual Cash Flows	Carrying Amount
<b><u>Non-derivative financial liabilities:</u></b>			
<b><u>As at 30 June 2021</u></b>			
Trade creditors	1,88,47,06,937	1,88,47,06,937	1,88,47,06,937
Liabilities for expenses	2,23,97,285	2,23,97,285	2,23,97,285
Other liabilities	3,00,290	3,00,290	3,00,290
	<b>1,90,74,04,512</b>	<b>1,90,74,04,512</b>	<b>1,90,74,04,512</b>
<b><u>As at 30 June 2020</u></b>			
Trade creditors	4,40,78,96,472	4,40,78,96,472	4,40,78,96,472
Liabilities for expenses	2,28,97,987	2,28,97,987	2,28,97,987
Other liabilities	6,17,699	6,17,699	6,17,699
	<b>4,43,14,12,158</b>	<b>4,43,14,12,158</b>	<b>4,43,14,12,158</b>

#### 40.03 Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Market risks includes the following:

##### 40.03.01 Currency risk: exposure and its management

The company is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the functional currencies of the company. To manage this exposure, the company is adapted direct risk reduction methods based on matching receipts and payments on assets and liabilities.

The Company is exposed to foreign currency risk relating to purchases, sales and other transactions which are denominated in foreign currencies. As at 30 June 2021, the Company was exposed to foreign currency risk in respect of financial liabilities denominated in the following currencies:

	30 June 2021		30 June 2020	
	US\$	Taka	US\$	Taka
<b>Exposure to currency risk</b>				
Foreign currency denominated assets:				
Trade receivables	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Foreign currency denominated liabilities:				
Liabilities for expenses (LC liability)	1,91,42,119	1,62,70,80,100	4,62,87,892	3,91,62,45,883
	<u>1,91,42,119</u>	<u>1,62,70,80,100</u>	<u>4,62,87,892</u>	<u>3,91,62,45,883</u>
Net exposure	<u><b>1,91,42,119</b></u>	<u><b>1,62,70,80,100</b></u>	<u><b>4,62,87,892</b></u>	<u><b>3,91,62,45,883</b></u>

The following significant exchange rate is applied during the year:

US dollar	85.00	84.61
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##### 40.03.02 Transaction risk

Transaction risk is the risk that the company will incur exchange losses when the accounting results are translated into the home currency.

##### 40.03.03 Economic risk

Economic risk refers to the effect of exchange rate movements on the international competitiveness of the company.

##### 40.03.04 Interest risk

Interest rate risk arises from movement in interest rates. The company needs to manage interest rate risk so as to be able to repay debts as they fall due and to minimise the risks surrounding interest payments and receipts.

#### 41.00 Operating Segments :

The company has two reportable segments, as described below which are the company's strategic divisions. These strategic divisions offer different products and are managed separately because they require different technology and marketing strategies. The following summary describes the operation in each of the company's reportable segments:

- i) Cold Rolled Strips: Includes purchasing of Hot Rolled Strips and manufacturing and distribution of CR Strips.
- ii) Non-Oxide Furnace (NOF): Includes purchasing of CR Strips and manufacturing and distribution of CI and GP Sheets.

Information about reportable segments	30 June 2021		30 June 2020		Total TK.
	Cold Rolled TK.	NOF TK.	Cold Rolled TK.	NOF TK.	
<b>External Revenues :</b>					
Local Sales	2,04,48,02,361	2,56,45,88,414	1,80,28,67,908	2,05,86,91,564	3,86,15,59,472
Scrap Sales	51,30,55,454	22,57,81,010	16,43,61,728	5,90,79,847	22,34,41,575
<b>Total External Sales and Reportable Segment Revenue</b>	<b>2,55,78,57,815</b>	<b>2,79,03,69,424</b>	<b>1,96,72,29,636</b>	<b>2,11,77,71,411</b>	<b>4,08,50,01,047</b>
Cost of sales	(2,19,93,88,099)	(2,39,26,67,464)	(1,64,62,30,069)	(1,80,34,78,004)	(3,44,97,08,073)
<b>Gross Profit</b>	<b>35,84,69,716</b>	<b>39,77,01,960</b>	<b>32,09,99,567</b>	<b>31,42,93,407</b>	<b>63,52,92,974</b>
% of Gross Profit before Tax	14.01	14.25	16.32	14.84	15.55
<b>Reportable Segment Profit before Tax</b>	<b>6,95,13,758</b>	<b>12,03,99,605</b>	<b>5,93,88,635</b>	<b>6,89,24,595</b>	<b>12,83,13,230</b>
% of Net Profit before income tax on sales	<b>2.72</b>	<b>4.31</b>	<b>3.55</b>	<b>3.25</b>	<b>3.14</b>
Finance income	31,06,554	33,65,433	36,07,207	39,07,808	75,15,015
Finance Expenses	24,42,85,922	26,46,17,154	22,03,23,425	23,86,83,711	45,90,07,136
Depreciation & Amortisation	4,86,48,828	3,88,55,252	4,39,06,725	2,78,61,199	7,17,67,924
<b>Reportable Segment Assets</b>	<b>13,51,12,57,429</b>	<b>4,20,16,11,507</b>	<b>13,18,99,88,547</b>	<b>4,11,25,92,315</b>	<b>17,30,25,80,862</b>
Capital Expenditure	2,36,121	23,14,352	1,16,44,840	37,07,570	1,53,52,410
<b>Reportable Segment Liabilities</b>	<b>15,60,63,40,168</b>	<b>51,92,62,041</b>	<b>15,54,40,25,400</b>	<b>16,97,59,023</b>	<b>15,71,37,84,423</b>

	30 June 2021 Taka	30 June 2020 Taka
<b>41.01 Reconciliation of Reportable Segments</b>		
<b>Assets</b>		
Total Assets from reportable segments	17,71,28,68,936	17,30,25,80,862
Add: Others- Investment	27,73,57,000	27,73,57,000
<b>Total Assets</b>	<b>17,99,02,25,936</b>	<b>17,57,99,37,862</b>
<b>Liabilities</b>		
Total Liabilities for reportable segments	16,12,56,02,209	15,71,37,84,423
<b>Total liabilities</b>	<b>16,12,56,02,209</b>	<b>15,71,37,84,423</b>

	30 June 2021 M. Ton	30 June 2020 M. Ton
<b>42.00 Production Capacity</b>		
<b>SACRSL Plant:</b>		
Installed Capacity (In M.Ton)	1,20,000.00	1,20,000.00
Actual Equivalent Production-0.090 mm to 0.420 mm (In M.Ton)	91,496.05	74,844.81
Capacity utilised (%)	76.25%	62.37%
<b>NOF Plant:</b>		
Installed Capacity (In M.Ton)	72,000.00	72,000
Actual Equivalent Production-0.090 mm to 0.420 mm (In M.Ton)	39,496.89	27,419.10
Capacity utilised (%)	54.86%	38.08%

<b>43.00 Auditors Remuneration</b>		
Audit fee	4,50,000	4,00,000
	<b>4,50,000</b>	<b>4,00,000</b>

**44.00 Number of Employees - Para 3 of Schedule XI, Part II**

Salary Range (Monthly)	Head Office		Factory				Total Number of Employees
	Officer	Staff	Casual	Officer	Staff	Worker	
Below 3,000	-	-	-	-	-	-	-
3,000 and Above	14	8	7	80	34	242	<b>385</b>
<b>For the year ended 30 June 2021</b>	14	8	7	80	34	242	<b>385</b>
<b>For the year ended 30 June 2020</b>	14	8	6	80	35	238	<b>381</b>



**45.00 Attendance Status of Board Meeting of Directors, Audit Committee, Nominatioin and Remuneration Committee with Honorarium.**

**45.01 No. of Board Meeting of Directors attended by its Members during the year.**

During the year ended 30 June 2021, there were 05 (Five) Board meetings held. The attendance status of all the meetings and honorarium of directors are as follows:

Sl. No.	Name of the Directors	Position	Meeting Held	Attendance	Honorarium per Attendance (Taka)	Total Honorarium (Taka)
01	Mr. Abdus Samad	Chairman	5	5	8,000	40,000
02	Mr. Osman Gani	Managing Director	5	5	8,000	40,000
03	Mr. Mohammad Saiful Alam	Director	5	5	8,000	40,000
04	Ms. Halima Begum	Director	5	5	8,000	40,000
05	Mr. Md. Rafique Ullah	Director	5	5	8,000	40,000
06	Mr. Sampad Kumar Basak FCA	Independent Director	5	5	8,000	40,000
07	Mr. Md. Shafiqul Islam FCA	Independent Director	5	4	8,000	32,000

**45.02 Attendance Status of the Audit Committee and Honorarium**

No. of Audit Committee Meeting attended by its Members with Honorarium during the year are as follows:

Sl. No.	Name of the Directors	Position	NRC Meeting Held	Attendance	Honorarium per Attendance (Taka)	Total Honorarium (Taka)
01	Mr. Sampad Kumar Basak, FCA	Chairman	4	4	8,000	32,000
02	Mr. Mohammed Saiful Alam	Member	4	4	8,000	32,000
03	Mr. Md. Rafique Ullah	Member	4	4	8,000	32,000

**45.03 Attendance Status of the Nomination & Remuneration Committee and Honorarium**

No. of Nomination & Remuneration Committee Meeting with Honorarium attended by its Members during the year are as follows :

Sl. No.	Name of the Directors	Position	NRC Meeting Held	Attendance	Honorarium per Attendance (Taka)	Total Honorarium (Taka)
01	Mr. Sampad Kumar Basak, FCA	Chairman	2	2	8,000	16,000
02	Mr. Mohammed Saiful Alam	Member	2	2	8,000	16,000
03	Mr. Abdus Samad	Member	2	2	8,000	16,000

**45.04 Capital Commitment**

The company had no capital commitment at the reporting date.

**46.00 Remuneration of MD, Managers and Officers:**

Amount in Taka			Amount in Taka		
01 July 2020 to 30 June 2021			01 July 2019 to 30 June 2020		
MD	Managers	Officers	MD	Managers	Officers

**46.01 Remuneration:**

Salary, Allowances	-	2,93,58,612	1,70,16,444	-	3,00,80,160	1,75,64,676
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**House Rent Allowance:**

House Rent	-	73,39,653	42,54,111	-	75,20,040	43,91,169
Other Utilites	-	2,20,18,959	1,27,62,333	-	2,25,60,120	1,31,73,507

	-	<b>2,93,58,612</b>	<b>1,70,16,444</b>	-	<b>3,00,80,160</b>	<b>1,75,64,676</b>
Leave Encashment	-	-	-	-	-	-
Provident fund	-	-	-	-	-	-
	-	<b>2,93,58,612</b>	<b>1,70,16,444</b>	-	<b>3,00,80,160</b>	<b>1,75,64,676</b>
<b>Number of Employee</b>	-	<b>26</b>	<b>35</b>	-	<b>28</b>	<b>36</b>

**46.02 House Rent Accommodation** : Managers and Officers are entitled for House Rent Allowance.

**46.03 Transport** : Senior Officials are provided company's car with free of cost subject to limit.

**46.04 Mobile Bill** : Monthly mobile bill is reimbursed as per approved limit.

**46.05 Medical** : Manager and Officers are reimbursed Medical Allowance subject to approved limit.

**46.06 Remuneration** : The Managing Director and Directors are not paid any remuneration except fee for attending Board of Directors' Meeting.

<b>30 June 2021</b>
<b>Taka</b>

<b>30 June 2020</b>
<b>Taka</b>

**46.07 Key Management Personnel Compensation**

In accordance with the para 17 of IAS 24 related party disclosure: Deputy General Manager and above senior officials are the Key management personnel of the company and paid the amount of compensation to the Personnel during the year is as follows :

Short term employee benefits	1,09,93,626	1,09,93,626
Post employment benefits		
Others long term benefits	-	-
Termination benefits	-	-
Share-based payment	-	-
	<b>1,09,93,626</b>	<b>1,09,93,626</b>

**47.00 Events After The Reporting Period**

The Board of Directors in their meeting held on 03 November 2021 recommended 10% cash dividend for the year ended 30 June 2021.

**48.00 Effect of COVID-19 on the financial statements:**

"The assessment of COVID-19 impact has been done based on the following issues:

- A. Assessment of going concern assumption**
- B. Valuation of inventories**
- C. Government stimulus packages**

**A. Assessment of going concern assumption:**

The Management of SACRSL has reviewed all relevant indicators to assess the company's ability to continue as a going concern under COVID-19 situation and observed that there is no threat to the concept of going concern.

**Cash flow forecasts are sufficient to support going concern basis**

Cash flow forecasting is one of the most important procedures that we use and perform to assess the going concern issues.

**B. Valuation of inventories:**

As per IAS-2 inventories should be measured at lower of cost and net realizable value. As the selling price of finished goods and raw materials were increased after book closing date, no price adjustment is required.

**C. Government stimulus packages:**

The Government of Bangladesh has announced a number of economic stimulus packages including reduced interest rate and extended repayment time for loan. The company enjoyed Working Capital loan under Stimulus Package.

**Assessment:**

It is observed that despite existence of COVID-19, the revenue of the company has gone up which appears to be similar to precovid-19 situation.

**49.00 Significant Deviation in Earning per Share (EPS):**

During the period from 01 July 2020 to 30 June 2021 net profit after tax has increased due to enhancement of Revenue in comparison with corresponding previous period from 01 July 2019 to 30 June 2020.

**50.00 Significant Deviation in Net Operating Cash Flow per Share (NOCFPS):**

Payment to suppliers during 1 July 2020 to 30 June 2021 gone up by Tk. 3,378,382,182 over previous period from 01.07.2019 to 30.06.2020 has resulted in significant decrease in NOCFPS although current year collection from customers gone up by Tk. 37,021,188 in comparison to corresponding previous year.

**51.00 Revenue :**

The Revenue of the company has been increased during the period from 01 July 2020 to 30 June 2021 than those of the corresponding period 01 July 2019 to 30 June 2020 due to improvement of COVID-19 situation in the country and execution of additional sales in the development activities of the Government.

**52.00 GENERAL**

Figures appearing in these accounts have been rounded off to the nearest taka.

Previous year's phrases & amounts have been restated and re-arranged, wherever considered necessary, to conform to the presentation for the period under review.

  
Company Secretary

  
Director

  
Managing Director

## SUBSIDIARY PROFILE

### S. ALAM POWER GENERATION LTD.

Directors' Report to the Shareholders:

Dear Shareholders,

It is a matter of great pleasure for your Directors in presenting their 13th Annual Report along with the audited Financial Statements and the Auditors' Report thereon for the year ended 30th June 2021.

Your Directors report that though 17MWe captive power plant commenced its commercial operation on 28 August 2016 with expectation the Fuel price in the country would witness a steep fall keeping in line with the fall of fuel prices in the international market in consequence whereof we shall be able to produce electricity at a very competitive price by use of fuel. The authority on the contrary made just a little adjustment of the fuel price. As a result, electricity that would be produced by use of high cost fuel will be very costly and the consumers shall not purchase electricity at such a high price, your Directors therefore considered it wise and in the interest of the stakeholders, not continue with production of electricity for the time being, rather exerted their best efforts for getting permission for installation of Gas line to the project for consumption in production of electricity. As you have been informed, a delegation from the Karnaphuli Gas Distribution Company Limited had visited our project site for assessment of our requirements of Gas for consumption in production of electricity. Thereafter, with best endeavours of Directors and Management, the company was able to get required permission of gas connection. However, Bangladesh Energy Regulatory Commission (BERC) has rescheduled its charges for gas through their order BERC Order No. 2019/06 dated 30th June 2019, in which, all electricity producers except captive power plant will get per cubic meter gas at a Tk. 4.45/- while captive power plants will get per cubic meter gas at a Tk. 13.85/-, in such higher price, production of electricity will not financially viable, therefore, the operation of the company could not be resumed during the year under report. Your directors and management have continued their best efforts to make feasible the project.

As your Company did not embark upon any commercial activities during the year under report, your Directors did not recommend any dividend for approval by the valued shareholders in the 13th Annual General Meeting of the Company.

Being a subsidiary of S. Alam Cold Rolled Steels Limited, a stock exchange listed company, certain conditions of the Corporate Governance Code (CGC) issued by the Bangladesh Securities & Exchange Commission vide its BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018 are made applicable to this subsidiary company on comply basis and in its compliance, the number of directors of this company has been raised from two to five by inclusion of three nominees of the holding company, as Directors of the company. They are considered for the purpose of retirement by rotation; Mr. Mohammed Touhidul Alam is the Director to retire by rotation this year. Being eligible, he offers himself for re-election in the ensuing Annual General meeting of the Company.

In addition thereto, Minutes of this subsidiary company and its affairs are regularly reviewed in the following Board Meeting of the SACRSL, and the Audit Committee of the SACRSL reviewed all the financial statements of your company drawn and made by the Company during the year ended June 30, 2021, in particular the investments made by this subsidiary company.

M/s. Hoda Vasi Chowdhury & Co, Chartered Accountants, current auditors of the Company, retire. They have been auditors of the Company for one year simultaneous to our parent company S. Alam Cold Rolled Steels Ltd. therefore they are eligible for appointment for another term in continuity. Being a subsidiary of the SACRSL, our company appoints the same Auditors as that of parent company, for auditing of financial statements of the company for the same term. Your Directors therefore propose the hon'ble shareholders for appointment of Auditors of our company for the next term in the manner aforesaid.

Your Directors take this opportunity to record its acknowledgement of the continued guidance and assistance from the management of S. Alam Cold Rolled Steels Limited, the holding company, to make your Company successful.



**(Mohammed Touhidul Alam)**

Chairman

# INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF S. ALAM POWER GENERATION LIMITED

## Opinion

We have audited the accompanying financial statements of **S. ALAM POWER GENERATION LIMITED** (the Company), which comprise the Statement of Financial Position as at 30 June 2021, the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, together with the notes to the financial statements, including a summary of significant accounting policies.

In our opinion and to the best of our information and according to explanations given to us, the accompanying Financial Statements, prepared in accordance with International Financial Reporting Standards (IFRSs), give a true and fair view of the financial position of the company as at 30 June 2021 and of its financial performance and cash flows for the period from 1 July 2020 to 30 June 2021 and comply with the Companies Act 1994 (amendment in 2020), the Securities and Exchange Rules, 1987 and other applicable laws and regulations.

## Basis of opinion

We conducted our audit in accordance with International Standard on Auditing (ISAs) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB). Our responsibilities under those standards are further described in "**Auditors' responsibilities for the audit of the financial statements**" section of our report.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) that are relevant to our audit of the financial statements in Bangladesh and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained are sufficient and appropriate to provide a basis for our audit opinion.

## Emphasis of Matter

We draw attention to Note 6.01 of the financial statements, which describes why the company had stopped producing electricity and reason for capitalization of borrowing cost. Our opinion is not modified in respect of this matter.

## Other Matter

The financial statements of S. ALAM POWER GENERATION LIMITED for the year ended 30 June 2020, were audited by Rahman Mostafa Alam & Co. who expressed an unmodified opinion on those statements on 21 October 2020.

## Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements of the Company in accordance with International Financial Reporting Standards (IFRSs), the Companies Act 1994 (amendment in 2020), the Securities and Exchange Rules, 1987 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

## Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- (a) identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- (c) evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (d) conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- (e) evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide with those charged with governance a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them, all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

We determine those matters, from the matters communicated with those charged with governance, which were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on other legal and regulatory requirements**

In accordance with the Companies Act 1994 (amendment in 2020) and the Securities and Exchange Rules, 1987, we also report the following:

- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- ii) in our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of these books and;
- iii) the statement of financial position and statement of Profit or Loss and Other comprehensive income dealt with by the report are in agreement with the books of account and returns.
- iv) the expenditure incurred was for the purposes of the Company's business.

**Chattogram, 04 Nov 2021**

For and on behalf of  
**Hoda Vasi Chowdhury & Co**  
**Chartered Accountants**

  
**Showkat Hossain, FCA**

Senior Partner  
 Enrollment No: 0137  
 DVC: 2111040137AS811930

**S. ALAM POWER GENERATION LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2021**

	Note(s)	Amount in Taka	
		30 June 2021	30 June 2020
<b>ASSETS &amp; PROPERTIES</b>			
<b>NON CURRENT ASSETS &amp; PROPERTIES</b>		<b>2,711,101,089</b>	<b>2,713,986,223</b>
Property, Plant and Equipment	6.00	2,711,101,089	2,713,986,223
<b>CURRENT ASSETS</b>		<b>30,921,212</b>	<b>30,028,623</b>
Inventory	7.00	16,145,504	16,145,504
Advances, Deposits and Prepayments	8.00	14,568,716	13,843,028
Cash and Cash Equivalents	9.00	206,992	40,091
<b>TOTAL ASSETS &amp; PROPERTIES</b>		<b>2,742,022,301</b>	<b>2,744,014,846</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' EQUITY</b>		<b>398,698,557</b>	<b>412,994,184</b>
Share Capital	10.00	395,072,700	395,072,700
Retained Earnings	10.02	3,625,857	17,921,484
<b>NON CURRENT LIABILITIES</b>		-	-
Long Term Loan	11.00	-	-
<b>CURRENT LIABILITIES</b>		<b>2,343,323,744</b>	<b>2,331,020,662</b>
Liabilities for Expenses	12.00	168,140	200,183
Short Term Loan from Holding Company	13.00	2,332,443,348	2,065,651,731
Due to Affiliated Companies	14.00	-	251,001,600
Provision for Income Tax	15.00	10,712,256	14,167,148
<b>TOTAL SHAREHOLDERS EQUITY AND LIABILITIES</b>		<b>2,742,022,301</b>	<b>2,744,014,846</b>
<b>Net Asset Value Per Share</b>	20.00	<b>100.92</b>	<b>104.54</b>

These financial statements should be read in conjunction with the annexed notes 1 to 25  
and were approved by the Board of Directors on 03.11.2021  
and were signed on its behalf by:

  
COMPANY SECRETARY

  
DIRECTOR

  
MANAGING DIRECTOR

Signed in terms of our separate report of even date annexed

Chattogram, 04 Nov, 2021

For and on behalf of  
**Hoda Vasi Chowdhury & Co.**  
Chartered Accountants

  
**Showkat Hossain, FCA**  
Senior Partner  
Enrollment No.: 0137  
DVC : 2111040137AS868497

**S. ALAM POWER GENERATION LIMITED**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2021**

	Note(s)	Amount in Taka	
		01 July 2020 to 30 June 2021	01 July 2019 to 30 June 2020
Revenue		-	-
Cost of Sales	16.00	(10,928,843)	(5,219,791)
<b>Gross Profit</b>		<b>(10,928,843)</b>	<b>(5,219,791)</b>
Operating Expenses			
Office & Administrative Expenses	17.00	(3,323,219)	(1,620,560)
		(3,323,219)	(1,620,560)
<b>Operating Profit</b>		<b>(14,252,062)</b>	<b>(6,840,351)</b>
Finance Expenses	18.00	(43,565)	(189,656)
<b>Profit before Tax</b>		<b>(14,295,627)</b>	<b>(7,030,007)</b>
Income Tax Expenses			
Current Year	15.00	-	-
<b>Profit after Tax</b>		<b>(14,295,627)</b>	<b>(7,030,007)</b>
<b>Earnings Per Share</b>			
Basic Earnings Per Share	19.00	<b>(3.62)</b>	<b>(1.78)</b>

These financial statements should be read in conjunction with the annexed notes 1 to 25  
and were approved by the Board of Directors on 03.11.2021  
and were signed on its behalf by:

  
COMPANY SECRETARY

  
DIRECTOR

  
MANAGING DIRECTOR

Signed in terms of our separate report of even date annexed

Chattogram, 04 Nov, 2021

For and on behalf of  
**Hoda Vasi Chowdhury & Co.**  
Chartered Accountants

  
**Showkat Hossain, FCA**  
Senior Partner  
Enrollment No.: 0137  
DVC : 2111040137AS868497



**S. ALAM POWER GENERATION LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2021**

Amount in Taka

	Share Capital	Retained Earnings	Total Equity
<b>Balance as on 01 July 2020</b>	395,072,700	17,921,484	412,994,184
Net Profit after tax for the year 2020-2021	-	(14,295,627)	(14,295,627)
<b>Balance as on 30 June 2021</b>	<b>395,072,700</b>	<b>3,625,857</b>	<b>398,698,557</b>
<b>Balance as on 01 July 2019</b>	395,072,700	24,951,491	420,024,191
Net Profit after tax for the year 2019-2020	-	(7,030,007)	(7,030,007)
<b>Balance as on 30 June 2020</b>	<b>395,072,700</b>	<b>17,921,484</b>	<b>412,994,184</b>
Note(s)	10.00	10.02	

These financial statements should be read in conjunction with the annexed notes 1 to 25  
and were approved by the Board of Directors on 03.11.2021  
and were signed on its behalf by:

  
COMPANY SECRETARY

  
DIRECTOR

  
MANAGING DIRECTOR

**S. ALAM POWER GENERATION LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

	Note(s)	Amount in Taka	
		30 June 2021	30 June 2020
<b>Cash flows from operating activities</b>			
Cash paid to suppliers	25.01	(8,830,172)	(1,300,434)
Cash paid to employees	25.02	(699,452)	(726,141)
Cash paid for administrative expenses	25.03	(2,601,936)	(831,283)
Cash paid for Income Tax	25.04	(3,454,892)	-
Increase on VAT & Tax provision	25.05	6,900	600
<b>A. Net cash flow from operating activities</b>	<b>21.01</b>	<b>(15,579,552)</b>	<b>(2,857,257)</b>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment	25.06	-	(9,738,612)
<b>B. Net cash flow from investing activities</b>		<b>-</b>	<b>(9,738,612)</b>
<b>Cash flows from financing activities</b>			
Proceeds from long term loan	25.07	-	(1,021,779,322)
Cash received from/(paid to) holding companies	25.08	266,791,617	1,121,497,351
Cash received from/(paid to) affiliated companies	25.09	(251,001,600)	(87,025,097)
Cash paid for financial expenses	25.10	(43,565)	(189,656)
<b>C. Net cash flow from financing activities</b>		<b>15,746,452</b>	<b>12,503,276</b>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents (A+B+C)</b>		<b>166,901</b>	<b>(92,592)</b>
Cash and cash equivalents at the beginning of the year		40,091	132,684
<b>Cash and cash equivalents at the end of the year</b>		<b>206,992</b>	<b>40,092</b>
<b>Net Operating Cash Flow Per Share</b>	<b>21.00</b>	<b>(3.94)</b>	<b>(0.72)</b>

These financial statements should be read in conjunction with the annexed notes 1 to 25  
and were approved by the Board of Directors on 03.11.2021  
and were signed on its behalf by:

  
COMPANY SECRETARY

  
DIRECTOR

  
MANAGING DIRECTOR

**S. ALAM POWER GENERATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**1.00 BACKGROUND AND INFORMATION**

**1.01 Formation and Legal Status**

**S. Alam Power Generation Limited**, Chattogram is a private company limited by shares incorporated on 9th April 2009 vide Registration no. CH- 6951(297) of 2009 under the Companies Act (Act XVIII) of 1994 with The Registrar of Joint Stock Companies and Firms, Chattogram, Bangladesh.

It's registered office is located at S. Alam Bhaban, 2119, Asadgonj, Chattogram, Bangladesh.

S. Alam Cold Rolled Steels Limited is the parent company of S. Alam Power Generation Limited.

**1.02 Nature of the business**

The main objective of the company is to install and run a captive or independent power plant for generation of electricity. Commercial operation was commenced on 28 August 2016 but could not continue due to high cost of production of electricity per unit.

**2.00 Present status of the project**

**2.01 Plant Development**

The Plant is consist of two (2) units of World-renowned brand WARTSILA 17MW Generator. The Power Plant was established to produce electricity for S. Alam Cold Rolled Steels Limited and the remaining electricity to be sold to Palli Bidduth Somiti-1, Patiya under RURAL ELECTRIFICATION BOARD. This plant is having a maximum power generation capacity of approximately 408,000 KW per day or 134,640,000 KW per year electricity was set up at Kalarpool, Shikalbaha, Patiya in Chattogram.

**2.02 Registration with Bangladesh Energy Regulatory Commission**

S. Alam Power Generation Limited has been registered as commercial power plant as an Independent Power Producer on 04 April 2012 vide License no. BERC/POWER/CIPP-006/L/004/789 under Bangladesh Energy Regulatory Commission. The company has applied for renewal of license.

**3.00 Basis of preparation**

**3.01 Statement of Compliance**

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and applicable sections of Companies Act 1994 and other applicable laws in Bangladesh. IFRS comprise the following:

- (i) International Financial Reporting Standards (IFRS).
- (ii) International Accounting Standards (IAS).
- (iii) Interpretations of IFRS and IAS.

**3.02 Regulatory compliance**

The company is required to comply with amongst others, the following laws and regulations:

- (i) The Companies Act 1994;
- (ii) The Income Tax Ordinance 1984;
- (iii) The Income Tax Rules 1984;
- (iv) The Value Added Tax Act 2012;
- (v) The Value Added Tax Rules 2012;
- (vi) Bangladesh Labor Act 2006.

**3.03 Basis of measurement**

These financial statements have been prepared on going concern basis under the historical cost convention.

**3.04 Date of authorization**

The Board of Directors has authorized these financial statements on 03 November 2021.

### **3.05 Going Concern**

The parent Company has adequate resources to support its operation for foreseeable future and hence, the financial statements have been prepared on going concern basis. As per managements' assessment there are no material uncertainties related to events or conditions which may cast significant doubt upon the company's ability to continue as a going concern.

### **3.06 Functional and Presentation Currency**

The financial statements are expressed in Bangladesh Taka which is both functional currency and reporting currency of the Company. The figures of financial statements have been rounded off to the nearest Taka.

### **3.07 Statement of Cash flows**

Statement of Cash Flows is prepared principally in accordance with IAS 7 "Statement of Cash Flows" and the cash flow from the operating activities have been presented under direct method as prescribed by Securities and Exchange Rules, 1987.

### **3.08 Use of Estimates and Judgments**

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates and underlying assumptions, which are reviewed on an ongoing basis. Revision to accounting estimates is recognized in the period in which the estimates are revised and in any future periods affected.

### **3.09 Comparative information**

Comparative information has been disclosed in respect of the year 2019-2020 for all numeric information in the financial statements and also the narrative and descriptive information where it is relevant for understanding of the current year's financial statements.

### **3.10 Reporting period**

The financial statements of the Company cover one financial year from 01 July 2020 to 30 June 2021 for all reported periods.

## **4.00 Significant Accounting Policies**

IAS-1	Presentation of Financial Statements
IAS-2	Inventories
IAS-7	Statement of Cash Flows
IAS-8	Accounting Policies, Changes in Accounting Estimates and Errors
IAS-12	Income Taxes
IAS-16	Property, Plant and Equipment
IAS-24	Related Party Disclosures
IAS-33	Earnings per share
IAS-37	Provisions, Contingent Liabilities and Contingent Assets
IFRS-7	Financial Instrument: Disclosure
IFRS-15	Contracts with Customers
IFRS-16	Leases

### **4.01 Property, plant and equipment**

Items of property, plant and equipment are stated at cost less accumulated depreciation thereon.

#### **4.01.01 Recognition and measurement**

The cost of an item of property, plant and equipment comprises its purchase price, import duty and non-refundable taxes (after deducting trade discount and rebates) and any other cost directly attributable to the acquisition of the assets.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment and is recognized in profit or loss.

Expenditure on repairs and maintenance of Property, Plant and Equipment is treated as expense when incurred. Subsequent expenditure on property, plant and equipment is only recognized when the expenditure improves the condition of the asset beyond its originally assessed standard of performance.

#### **4.01.02 Depreciation - Land**

Generally Land has unlimited useful life and its value never depreciates with some exception, quarries', sites used for landfill and mining land. Land is not depreciated.

#### **4.01.03 Depreciation - Other Assets**

Since the plant is not in operation no depreciation was charged on machinery and equipment. Depreciation has been applied on the item under capital assets except land, capital machinery & factory equipment.

#### **4.02 Inventories**

Inventories of stores & spares include Lubricant Oil, HFO & LFO are valued at cost.

#### **4.03 Transactions with affiliated companies**

These represents balance amounts due to from affiliated companies which are derived from short term loan, short term financial arrangement availed from affiliated companies as and when required to meet the expenditure for acquisition of capital machinery and installation thereof from time to time. These balances are unsecured but considered good and realisable.

#### **4.04 Advances, deposits and prepayments**

Advances are initially measured at cost. After initial recognition, advances are carried at cost less deductions, adjustments or charges to other account heads such as property, plant and equipment, inventory or expenses.

#### **4.05 Finance income and cost**

Finance income on funds invested that are recognised in profit or loss on accrual basis.

Finance expenses on borrowing that are not directly attributable to the acquisition, construction or production of a qualifying assets are recognized in profit or loss as and when incurred.

Finance expenses on borrowing that are directly attributable to the acquisition, construction or production of a qualifying assets are capitalized under effective interest method.

#### **4.06 Cash and cash equivalents**

Cash and cash equivalents include deposits held at call with banks and other short term fixed deposits with banks.

#### **4.07 Impairment**

##### **4.07.01 Financial Assets**

Financial assets are impaired if objective evidence indicates that a loss event has occurred after initial recognition of the assets and that the loss event had a negative effect on the estimated future cash flows of that assets that can be estimated reliably.

Financial assets not classified as at fair value through profit or loss, loans, receivables and investment in an equity accounted investee are assessed at each reporting date to determine whether there is objective evidence that it is impaired.

Impairment losses on available for sale financial assets are recognized by reclassifying the losses accumulated in the fair value reserve to profit or loss.

##### **4.07.02 Non Financial Assets**

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the recoverable amount of the asset is estimated. An impairment loss is recognized if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

#### **4.08 Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

##### **4.08.01 Non-derivative financial assets**

The Company initially recognises loans and receivables on the date that they are originated. All other financial assets are recognised initially on the date at which the company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial assets are transferred.

Financial assets are classified into the following categories: financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets.

##### **4.08.02 Financial assets at fair value through profit or loss**

A financial asset is classified as at fair value through profit or loss if it is classified as held for trading or is designated as such

on initial recognition. Financial assets are designated as at fair value through profit or loss if the company manages such investment and makes purchase or sale decisions based on their fair value in accordance with the company's documented risk management or investment strategy. Attributable transactions costs are recognised in profit and loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein which take into account and dividend income are recognised in profit or loss.

#### **4.08.03 Loans and receivables**

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at fair value less any impairment losses.

Loans and receivables comprise cash and cash equivalents, loans and trade and other receivables.

##### **Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand, cash at bank which are available for use by the company without any restriction.

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale and are not classified in any other categories of financial assets. Generally available-for-sale financial assets are recognised initially at fair value plus any directly attributable transaction costs and subsequent to initial recognition at fair value and changes therein other than impairment losses are recognized in other comprehensive income and presented in the fair value reserve in equity.

Available-for-sale financial assets comprise equity securities and debt securities.

#### **4.09 Non-derivative financial liabilities**

The company initially recognises financial liabilities on the date that are originated.

The company derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

The company classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value less directly attributable transaction cost. Subsequent to initial recognition, these financial liabilities are measured at amortized cost.

Other financial liabilities comprise loans and borrowings, bank overdrafts and trade and other payables.

#### **4.10 Employee benefit schemes**

Currently, the company does not have any employee benefit scheme, but has a plan to create a provident fund in which both company and employees will contribute an equal amount.

#### **4.11 Provisions**

A provision is recognised in the financial statements if, as a result of a past event, the company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefit will be required to settle the obligation.

#### **4.12 Earnings Per Share (EPS)**

##### **Basic Earnings:**

This represents profit for the year attributable to ordinary shareholders. As there is no preference dividend, non-controlling interest or extra ordinary items, the net profit after tax for the year has been considered fully attributable to the ordinary shareholders (refer to note-19 to the Financial Statements).

##### **Diluted Earnings per share:**

No diluted earnings per share is required to be calculated for the year as there is no scope for dilution during the year under audit.

#### **4.13 Income tax expenses**

Tax expenses comprises current tax. Current tax is recognised in profit and loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

##### **Current tax:**

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using the tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous year.

#### **4.14 Right of use asset**

The Company management has adopt IFRS 16-lease for reporting earlier lease under IAS-17. During the year, there are no contract to report under IFRS-16.

**Policy applicable from 1 July 2020.**

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16. This policy is applied to contracts entered into, on or after 01 January 2019.

**As a lessee**

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

**Lease payments included in the measurement of the lease liability comprise the following:**

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

**Short-term leases and leases of low-value assets**

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

**Policy applicable before 1 July 2019**

All the lease transactions have been classified based on the extent to which risks and rewards incidental to ownership of the assets lie with the lessor or lessee. According to this classification, all the Company's lease transactions have been identified as operating lease as per IAS 17: Leases based on the substance of the transactions, not merely on the legal form.

**5.00 New Standards and interpretations**

All new standards and interpretations adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) during the period beginning on or after 01 July 2019, which have significant effect on the financial statements of the company are duly complied with.

	Note(s)	Amount in Taka	
		30 June 2021	30 June 2020
<b>6.00</b>	<b>Property, Plant and Equipment</b>		
<b>A.</b>	Land (2.54 Acres)	3,54,86,270	3,54,86,270
	Factory Building	1,94,38,815	1,94,38,815
	Capital Machinery	2,64,04,05,314	2,64,04,05,314
	Factory Equipment	9,33,200	9,33,200
	Computer	4,44,580	4,44,580
	Air Conditioner	1,00,800	1,00,800
	Furniture & Fixtures	3,46,736	3,46,736
	Gas Line Installation	17,00,000	17,00,000
	Motor Vehicles	2,30,26,665	2,30,26,665
		<b>2,72,18,82,380</b>	<b>2,72,18,82,380</b>
<b>B.</b>	Accumulated Depreciation		
	Opening Balance	78,96,157	47,39,050
	Charges during the year	28,85,134	31,57,107
		<b>1,07,81,291</b>	<b>78,96,157</b>
	Adjustment during the year	-	-
		<b>1,07,81,291</b>	<b>78,96,157</b>
	Written Down Value (WDV)	<b>2,71,11,01,089</b>	<b>2,71,39,86,223</b>

Detail of Property, Plant & Equipment and Depreciation as on 30 June 2021 are shown in the note 6.02.

**6.01** The Company started commercial operation of 17 MW Captive Power Plant in August 2016 with natural gas. But immediately after commencement of commercial operation the price of Natural gas was increased by the government. The management observed that producing electricity by using high cost natural gas will not be feasible as entire output will not be required by S.Alam Cold Rolled Steels Limited alone, hence decided not to produce any power. The borrowing cost of the Plant & Machineries were capitalized in accordance with clause 20 to 23 of IAS 23 - Borrowing cost.

The management at present considering the option to re-start the production with costly fuel in order to meet the power requirement of S.Alam Cold Rolled Steels Limited and another heavy industry being erected nearby and expects that both the industry shall be able to utilize full production of S.Alam Power Generation Ltd.



**06.02 Property, plant and equipment - at cost less Accumulated Depreciation**

Assets' Category	Cost			Depreciation Rate (%)	Depreciation		Closing Balance as on 30 June 2021 Taka	Carrying Amount as on 30 June 2021 Taka
	Opening Balance as on 01 July 2020 Taka	Addition Taka	Disposal/ Adjustment Taka		Charged for the year Taka	Adjustment for disposal during the year Taka		
	Opening Balance as on 01 July 2020 Taka	Charged for the year Taka	Adjustment for disposal during the year Taka		Closing Balance as on 30 June 2021 Taka	Carrying Amount as on 30 June 2021 Taka		
<b>A. Land and land development:</b>								
Land (2.54 Acres)	3,54,86,270	-	-	-	-	-	-	3,54,86,270
	<b>3,54,86,270</b>							<b>3,54,86,270</b>
<b>B. Building:</b>								
Factory Building	1,94,38,815	-	-	5%	8,31,009	-	36,49,638	1,57,89,177
	<b>1,94,38,815</b>				<b>8,31,009</b>		<b>36,49,638</b>	<b>1,57,89,177</b>
<b>C. Machinery</b>								
Capital Machinery	2,64,04,05,314	-	-	10%	-	-	-	2,64,04,05,314
	<b>2,64,04,05,314</b>							<b>2,64,04,05,314</b>
<b>D. Equipment and appliances:</b>								
Factory Equipment	9,33,200	-	-	10%	-	-	-	9,33,200
Computer	4,44,580	-	-	10%	32,410	-	1,52,891	2,91,689
Air Conditioner	1,00,800	-	-	10%	7,348	-	34,665	66,135
Gas Line Installation	17,00,000	-	-	10%	1,23,930	-	5,84,630	11,15,370
	<b>31,78,580</b>				<b>6,08,498</b>		<b>7,72,186</b>	<b>24,06,394</b>
<b>E. Furniture and Fixtures</b>								
Furniture and Fixtures	3,46,736	-	-	10%	25,277	-	1,19,242	2,27,494
	<b>3,46,736</b>				<b>25,277</b>		<b>1,19,242</b>	<b>2,27,494</b>
<b>F. Motor Vehicles</b>								
Motor Vehicles	2,30,26,665	-	-	10%	18,65,160	-	62,40,226	1,67,86,439
	<b>2,30,26,665</b>				<b>18,65,160</b>		<b>62,40,226</b>	<b>1,67,86,439</b>
<b>30 June 2021</b>	<b>2,72,18,82,380</b>				<b>28,85,134</b>		<b>1,07,81,291</b>	<b>2,71,11,01,089</b>
<b>30 June 2020</b>	<b>2,71,21,43,768</b>	<b>97,38,612</b>			<b>31,57,107</b>		<b>78,96,157</b>	<b>2,71,39,86,223</b>

Depreciation allocated to:	Note(s)	Basis	Amount in Taka	
			30 June 2021	30 June 2020
Cost of Sales	16	75%	21,63,850	23,67,830
Office & Administrative Expenses	17	25%	7,21,283	7,89,277
		<b>100%</b>	<b>28,85,134</b>	<b>31,57,107</b>

	Note(s)	Amount in Taka	
		30 June 2021	30 June 2020
<b>7.00 Inventory</b>			
Lubricant Oil		15,38,240	15,38,240
HFO		1,37,02,500	1,37,02,500
LFO		9,04,764	9,04,764
		<b>1,61,45,504</b>	<b>1,61,45,504</b>
<b>8.00 Advances, Deposits and Prepayments</b>			
Advances	8.01	1,40,43,528	1,38,43,028
Prepayments	8.02	5,25,188	-
		<b>1,45,68,716</b>	<b>1,38,43,028</b>
<b>8.01 Advances</b>			
Advance Income Tax		1,35,93,528	1,35,40,528
S.S Enterprise		3,00,000	3,00,000
Against Salary		1,50,000	-
Sundry Advance		-	2,500
		<b>1,40,43,528</b>	<b>1,38,43,028</b>
<b>8.02 Prepayments</b>			
Prepaid Insurance		5,25,188	-
		<b>5,25,188</b>	<b>-</b>

Directors consider that all the above advances are either adjustable or recoverable in kind or in cash and no provision against them are required at this stage.

<b>9.00 Cash and Cash Equivalents</b>				
Cash in Hand		4,887	12,530	
Cash at Banks	9.01	2,02,105	27,561	
		<b>2,06,992</b>	<b>40,091</b>	
<b>9.01 Cash at Banks</b>				
<b>Name of the Bank</b>	<b>Branch</b>	<b>A/C No</b>		
First Security Islami Bank Ltd.	Khatungonj Br.	CD#01021110009425	1,33,981	7,367
National Bank Limited	Khatungonj Br.	CD#1002000515781	2,285	2,975
Janata Bank Limited	Shadharan Bima Corporate Br.	CD#001031226	16,529	17,219
Islami Bank Bangladesh Ltd.	Khatungonj Br.	CD#1060100415610	49,310	-
			<b>2,02,105</b>	<b>27,561</b>

Cash transactions are maintained by the S. Alam Cold Rolled Steels Limited.

<b>10.00 Share Capital</b>			
<b>Authorised Capital:</b>			
10,000,000 (One crore) ordinary shares of Tk. 100 each.		<b>1,00,00,00,000</b>	<b>1,00,00,00,000</b>
<b>Issued, Subscribed and Paid-up Capital:</b>			
3,950,727 Ordinary shares of Tk. 100 each	10.01	<b>39,50,72,700</b>	<b>39,50,72,700</b>

<b>10.01 Issued and Paid up Shares are Subscribed by :</b>				
Name of the Shareholders	No. of Shares	% of Holding	30 June 2021 Taka	30 June 2020 Taka
S. Alam Cold Rolled Steels Ltd.	27,73,570	70.204%	27,73,57,000	27,73,57,000
Mr. Mohammed Saiful Alam	7,84,671	19.861%	7,84,67,100	7,84,77,100
Mr. Abdus Samad	3,92,286	9.929%	3,92,28,600	3,92,38,600
Mr. Shahidul Alam	100	0.003%	10,000	-
Mr. Touhidul Alam	100	0.003%	10,000	-
	<b>39,50,727</b>	<b>100.00%</b>	<b>39,50,72,700</b>	<b>39,50,72,700</b>

	Note(s)	Amount in Taka	
		30 June 2021	30 June 2020
<b>11.00 Long Term Loan</b>			
Project Loan	11.01	-	-
		-	-
<b>11.01 Long Term Loan</b>			
Due within one year		-	-
Due after more than one year		-	-
		-	-
<b>11.02 Janata Bank Limited Loan Account No. 690000102</b>			
Opening Balance		-	1,02,17,79,322
Add: Loan received during the year		-	-
Add: Interest charged during the year		-	99,13,612
		-	<b>1,03,16,92,934</b>
Less: Payment during the year		-	1,03,16,92,934
		-	-
Less: Current portion of term loan		-	-
		-	-
<b>Purpose:</b>			
For meeting expenditure for capital machineries.			
<b>12.00 Liabilities for Expenses</b>			
Salary		-	96,443
VAT Payable		22,500	15,000
Tax Payable		-	600
Audit Fee Payable		50,000	50,000
Sundry Creditors		95,640	38,140
		<b>1,68,140</b>	<b>2,00,183</b>
<b>13.00 Short Term Loan from Holding Company</b>			
S. Alam Cold Rolled Steels Limited		2,33,24,43,348	2,06,56,51,731
		<b>2,33,24,43,348</b>	<b>2,06,56,51,731</b>
<b>14.00 Due to Affiliated Companies</b>			
Genesis Textile Accessories & Apparels limited		-	10,00,000
S. Alam Refined Sugar Industries Limited		-	25,00,00,000
S. Alam Steels Limited		-	1,600
		-	<b>25,10,01,600</b>
<b>15.00 Provision for Income Tax</b>			
Opening Balance		1,41,67,148	1,41,67,148
Add: Provision made during the year		-	-
		1,41,67,148	1,41,67,148
Less: Paid during the year		34,54,892	-
Closing Balance		<b>1,07,12,256</b>	<b>1,41,67,148</b>

**15.01 Year wise Income Tax assessment status is as follows:**

Accounting Year	Assessment Year	Present Status
30 June 2017 and earlier years	2017-2018 and earlier years	Assessment Completed
30 June 2018	2018-2019	Income Tax Return submitted and Assessment completed U/S 82BB.
30 June 2019	2019-2020	Income Tax Return submitted and Assessment completed U/S 82BB.
30 June 2020	2020-2021	Income Tax Return submitted and Assessment completed U/S 82BB.

	Note(s)	Amount in Taka	
		30 June 2021	30 June 2020
<b>16.00 Cost of Sales</b>			
Opening Stock	16.01	1,61,45,504	1,60,80,504
<b>Add:</b> Purchased during the year	to	-	65,000
	16.03	<b>1,61,45,504</b>	<b>1,61,45,504</b>
<b>Less:</b> Closing Stock		1,61,45,504	1,61,45,504
Consumption during the year		-	-
<b>Add:</b> Factory overhead	16.04	1,09,28,843	52,19,791
		<b>1,09,28,843</b>	<b>52,19,791</b>
<b>16.01 Lubricant Oil Consumed</b>			
Opening Stock		15,38,240	15,38,240
<b>Add:</b> Purchased during the year		-	-
		15,38,240	15,38,240
<b>Less:</b> Closing Stock	7.00	15,38,240	15,38,240
<b>Consumption of Lubricant Oil</b>		-	-
<b>16.02 HFO Consumed</b>			
Opening Stock		1,37,02,500	1,37,02,500
<b>Add:</b> Purchased during the year		-	-
		<b>1,37,02,500</b>	<b>1,37,02,500</b>
<b>Less:</b> Closing Stock	7.00	1,37,02,500	1,37,02,500
<b>Consumption of HFO</b>		-	-
<b>16.03 LFO Consumed</b>			
Opening Stock		9,04,764	8,39,764
<b>Add:</b> Purchased during the year		-	65,000
		<b>9,04,764</b>	<b>9,04,764</b>
<b>Less:</b> Closing Stock	7.00	9,04,764	9,04,764
<b>Consumption of LFO</b>		-	-
<b>16.04 Factory Overhead</b>			
Salaries & Wages		6,03,009	7,25,218
Depreciation	6.02	21,63,850	23,67,830
Insurance Expenses		57,77,083	8,81,069
Stationary		37,443	10,514
Labour Bill		1,600	1,500
Repairs & Maintenance		4,16,220	1,14,938
Entertainment		23,292	22,346
Electricity Charges		6,75,528	6,59,786
Travelling & Conveyance		9,340	11,555
Registration & Renewal		8,98,343	2,22,530
Vehicle Up-Keep		83,135	28,505
Miscellaneous Expenses		2,40,000	1,74,000
		<b>1,09,28,843</b>	<b>52,19,791</b>

	Note(s)	Amount in Taka	
		30 June 2021	30 June 2020
<b>17.00 Office &amp; Administrative Expenses</b>			
Salaries & Allowance		11,55,000	6,06,452
Legal & Professional Fee		57,500	7,500
Depreciation	6.02	7,21,283	7,89,277
Stationery		390	-
Audit Fee		50,000	50,000
License & Renewal Fee		18,300	8,945
Telephone & Mobile Expenses		6,500	5,448
Vehicle Up-Keep		3,99,763	1,25,921
Miscellaneous Expenses		9,14,483	27,017
		<b>33,23,219</b>	<b>16,20,560</b>
<b>18.00 Finance Expenses</b>			
Bank Charges		43,565	1,89,656
		<b>43,565</b>	<b>1,89,656</b>
<b>19.00 Basic Earnings Per Share (EPS)</b>			
Profit attributable to the ordinary shareholders		(1,42,95,627)	(70,30,007)
Number of shares outstanding during the year		39,50,727	39,50,727
<b>Basic Earnings Per Share (EPS)</b>		<b>(3.62)</b>	<b>(1.78)</b>
<b>20.00 Net Asset Value Per Share (NAV)</b>			
Total Assets		2,74,20,22,301	2,74,40,14,846
Less: Total Liabilities		2,34,33,23,744	2,33,10,20,662
<b>Net Asset Value (NAV)</b>		<b>39,86,98,557</b>	<b>41,29,94,184</b>
Number of ordinary shares outstanding during the year		39,50,727	39,50,727
<b>Net Asset Value Per Share</b>		<b>100.92</b>	<b>104.54</b>
<b>21.00 Net Operating Cash Flow Per Share</b>			
Cash flows from operating activities		(1,55,79,552)	(28,57,257)
Number of shares outstanding during the year		39,50,727	39,50,727
<b>Net Operating Cash Flow Per Share</b>		<b>(3.94)</b>	<b>(0.72)</b>
<b>21.01 Reconciliation of net income with cash flows from operating activities</b>			
Net profit After Tax		(1,42,95,627)	(70,30,007)
<b>Adjustment for non-cash items:</b>			
Depreciation		28,85,134	31,57,107
		<b>(1,14,10,493)</b>	<b>(38,72,900)</b>
<b>Adjustment for non-operating items:</b>			
Cash Paid for Financial Expenses		43,565	1,89,656
Income Tax expenses paid		(34,54,892)	
<b>Adjtument for changes in accruals:</b>			
(Increase)/ Decrease in Inventory		-	(65,000)
(Increase)/ Decrease in Advances, Deposits & Prepayments except AIT		(7,25,688)	9,48,658
Increase/(Decrease) in Liabilities for Expenses		(32,043)	(57,671)
<b>Net cash (used in)/generated by operating activities</b>		<b>(1,55,79,551)</b>	<b>(28,57,256)</b>

**22.00 Number of Employees - Para 3 of Schedule XI, Part II**

Salary Range (Monthly)	Head Office		Factory			Total Number of Employees
	Officer	Staff	Casual/ Officer	Staff	Worker	
Below 3,000	-	-	-	-	-	-
3,000 and Above	1	-	-	1	3	5
<b>For the year ended 30 June 2021</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>3</b>	<b>5</b>
<b>For the year ended 30 June 2020</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>3</b>	<b>5</b>

**23.00 Contingent Liabilities**

The company had no contingent liabilities at the reporting date.

**24.00 Events after the Reporting Period**

No other material events had occurred from the end of the reporting period to the date of issue of this Financial Statements, which could materially affect the values stated in the Financial Statements.

**S. ALAM POWER GENERATION LIMITED**  
**FOR THE YEAR ENDED 30 JUNE 2021**  
**RELATED NOTES FOR STATEMENT OF CASH FLOWS**

	Note(s)	Amount in Taka	
		30 June 2021	30 June 2020
<b>A. CASHFLOW FROM OPERATING ACTIVITIES</b>			
<b>25.01 Cash Paid to supplier</b>			
Cost of goods sold	16.00	1,03,25,834	44,94,573
Less: Non cash expense (Depreciation-Factory)	6.02	(21,63,850)	(23,67,830)
Add: Closing Inventory	7.00	1,61,45,504	1,61,45,504
Less: Opening Inventory	7.00	(1,61,45,504)	(1,60,80,504)
		<b>81,61,984</b>	<b>21,91,743</b>
Add: Opening Accounts Payable (Sundry Creditors)	12.00	38,140	95,488
less: Closing Accounts Payable	12.00	(95,640)	(38,140)
		81,04,484	22,49,091
Add: increase in Advances	8.00	7,25,688	(9,48,657)
<b>Cash paid to suppliers</b>		<b>88,30,172</b>	<b>13,00,434</b>
<b>25.02 Cash paid to employees</b>			
Salaries & wages	16.04	6,03,009	7,25,218
Add: Decrease in provision for Salaries & Wages	12.00	96,443	923
<b>Cash paid to employees</b>		<b>6,99,452</b>	<b>7,26,141</b>
<b>25.03 Payment for Administration Expense:</b>			
Total Operating Expenses	17.00	33,23,219	16,20,560
Less: Non cash expense (Depreciation)	6.02	(7,21,283)	(7,89,277)
<b>Cash paid for Administrative expenses</b>		<b>26,01,936</b>	<b>8,31,283</b>
<b>25.04 Tax paid during the period</b>	15.00	<b>(34,54,892)</b>	-
<b>25.05 VAT &amp; Tax Payable</b>	12.00		
Opening Balance		22,500	15,600
Closing Balance		15,600	15,000
		<b>6,900</b>	<b>600</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>25.06 Acquisition on Plant Property &amp; Equipment</b>	6.02	-	(97,38,612)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>25.07 Proceeds from Long term loan</b>	11.00	-	(1,02,17,79,322)
<b>25.08 Cash received from /(paid to) holding company</b>	13.00		
Opening Balance		2,06,56,51,731	94,41,54,380
Closing Balance		2,33,24,43,348	2,06,56,51,731
		<b>26,67,91,617</b>	<b>1,12,14,97,351</b>
<b>25.09 Cash received from /(paid to) Affiliated company</b>	14.00		
Opening Balance		25,10,01,600	33,80,26,697
Closing Balance		-	25,10,01,600
		<b>(25,10,01,600)</b>	<b>(8,70,25,097)</b>
<b>25.10 Cash paid for financial Expenses</b>	18.00	<b>(43,565)</b>	<b>(1,89,656)</b>



এস. আলম কোল্ড রোল্ড স্টিলস্ লিমিটেড  
S. ALAM COLD ROLLED STEELS LIMITED  
S. Alam Bhaban, 2119, Asadgonj, Chattogram

## প্রতিনিধিপত্র (PROXY FORM)

শেয়ার সংখ্যা

ফোলিও / বিও নং

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আমি / আমরা \_\_\_\_\_ এস. আলম কোল্ড রোল্ড স্টিলস্ লিমিটেড-এর সদস্য এবং আমি / আমরা জনাব \_\_\_\_\_ কে আমরা / আমাদের প্রতিনিধি হিসেবে আমার / আমাদের অনুপস্থিতিতে ১৫ জানুয়ারি, ২০২২ তারিখে হাইব্রিড সিস্টেমের মাধ্যমে (শারীরিক উপস্থিতি ও ডিজিটাল প্ল্যাটফর্ম) <https://sacrs1.virtualagm2021.com> লিংক এর মাধ্যমে চিটাগাং ক্লাব, এস. এস. খালেদ রোড, চট্টগ্রামে সকাল ১০:৩০ ঘটিকায় অনুষ্ঠিতব্য কোম্পানির ২১তম বার্ষিক সাধারণ সভায় এবং ঐ সভার যে কোনো মূলতবি সভায় উপস্থিত থাকার এবং আমার / আমাদের পক্ষে ভোটদানের জন্য নিয়োগ করছি।

আমার / আমাদের সম্মুখে তিনি \_\_\_\_\_ তারিখে স্বাক্ষর প্রদান করলেন।

প্রক্সির / প্রতিনিধির স্বাক্ষর : \_\_\_\_\_

স্বাক্ষর :

বি. দ্র.:

- প্রদত্ত স্বাক্ষর কোম্পানির অফিসে সংরক্ষিত/ডিপোজিটরিতে অন্তর্ভুক্ত নমুনা স্বাক্ষরের সাথে মিল থাকতে হবে।
- সদস্যবৃন্দ এই সাধারণ সভায় উপস্থিত থাকতে এবং ভোট প্রদান করতে পারেন কিংবা তাঁর পক্ষে উপস্থিত থাকতে এবং ভোটদানের জন্য একজন সদস্যকে প্রতিনিধি (প্রক্সি) নিয়োগ করতে পারেন। প্রতিনিধিপত্র যথাযথভাবে স্বাক্ষর প্রদান করতঃ ২০ টাকার রেভেনিউ স্ট্যাম্প সহযোগে সভার নির্ধারিত সময়ের ৪৮ ঘন্টা পূর্বে কোম্পানির রেজিস্টার্ড অফিসে অবশ্যই জমা দিতে হবে।

শেয়ারহোল্ডারের স্বাক্ষর

রেভেনিউ স্ট্যাম্প  
২০/- টাকা

## হাজিরাপত্র (ATTENDANCE SLIP)

১৫ জানুয়ারি, ২০২২ তারিখে হাইব্রিড সিস্টেমের মাধ্যমে (শারীরিক উপস্থিতি ও ডিজিটাল প্ল্যাটফর্ম) <https://sacrs1.virtualagm2021.com> লিংক এর মাধ্যমে অনুষ্ঠিত এস. আলম কোল্ড রোল্ড স্টিলস্ লিমিটেড এর ২১তম বার্ষিক সাধারণ সভায় আমার উপস্থিতি লিপিবদ্ধ করলাম।

শেয়ারহোল্ডারের নাম : \_\_\_\_\_

শেয়ার সংখ্যা

ফোলিও / বিও নং

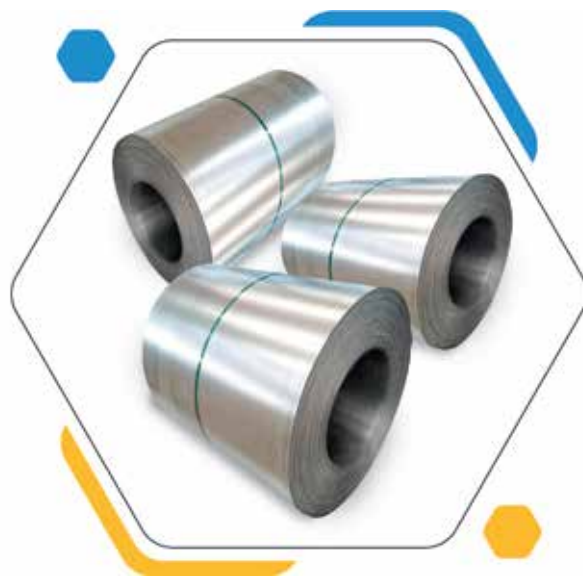
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প্রতিনিধির নাম : \_\_\_\_\_

শেয়ারহোল্ডারের / প্রতিনিধির স্বাক্ষর \_\_\_\_\_

\* সভায় আগত শেয়ারহোল্ডার বা প্রতিনিধিকে হাজিরাপত্রটি পূরণ করে সভায় রেজিস্ট্রেশন কাউন্টারে জমা দিতে অনুরোধ করা যাচ্ছে।





## **S. ALAM COLD ROLLED STEELS LIMITED**

(A member of **S. ALAM GROUP**)

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